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Executive Office of Environmental Affairs

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# A PROGRAMS AND POLICIES GUIDE

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## Governor's Conference on Port Development

Tuesday, September 12, 1978  
New Bedford Whaling Museum  
9 am - 5 pm

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### Commonwealth of Massachusetts

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Executive Office of  
Environmental Affairs

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Office of State Planning

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Executive Office of  
Economic Affairs

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THE COMMONWEALTH OF MASSACHUSETTS

EXECUTIVE DEPARTMENT

STATE HOUSE • BOSTON 02133

MICHAEL S. DUKAKIS  
GOVERNOR

September 12, 1978

Welcome to our Massachusetts Port Development Conference. This is an exciting time for our seacoast communities. The 200-mile fishing limit has created an entire series of opportunities and problems that were not present a short time ago. The goal of revitalizing the commercial centers of our cities and larger towns has taken hold all over the Commonwealth, but particularly, it seems, in those ocean communities where the downtown and the working waterfront merge. The prospects of significant energy-related development as oil and gas deposits are explored off our coast may be challenging us again with opportunities and problems in the near future. The Commonwealth has been working vigorously to see that these various sectors of our waterfront economics can grow compatibly, with each other and with our precious tourist industry, which finds so much of its focus in our port cities.

I hope this Conference will afford the opportunity for Lt. Governor O'Neill, the Development Cabinet, and myself to do two things. First, we have the chance to acquaint the participant communities with the latest developments in state and Federal programs, resources, and regulations as they apply to the waterfront economy. Second, and in many ways more importantly, we at the state level have the chance to hear, in a first-hand and comparative fashion, the latest thoughts of our coastal centers on their own unique revitalization agendas.

I wish to thank the many local and Federal officials who are joining us today and participating in the several workshops.

I particularly wish to thank Mayor John Markey and members of the labor community and everyone else from our host City of New Bedford who have helped put this exciting day together. I know that the Conference participants and audience will be impressed with the revitalization program so dramatically underway in this historic Massachusetts seacoast community.

Sincerely,

*Michael S. Dukakis*  
Michael S. Dukakis

U.S. DEPARTMENT OF COMMERCE  
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## Agenda

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| 9:00 - 9:30     | Coffee Reception and Registration   | <u>Whaling Museum</u>                          |
| 9:30 - 10:00    | Introductory Remarks  |  |
|                 | Evelyn F. Murphy, Secretary, Executive Office<br>of Environmental Affairs |  |
|                 | Mayor John Markey, City of New Bedford                                    |  |
|                 | Lt. Governor Thomas P. O'Neill, III                                       |  |
| 10:10 - 12:15   | Local Project Development   |  |
| (10:10 - 12:15) | Community and Recreational Development                                    | <u>Whaling Museum</u>                          |
| (10:10 - 11:10) | Marine Industrial Development/Cargo<br>and Shipping                       | <u>Fishermen's Union<br/>Hall (upstairs)</u>   |
| (11:15 - 12:15) | Fishing   | <u>Fishermen's Union<br/>Hall (upstairs)</u>   |
| 12:00 - 12:30   | Press Conference  |  |
|                 | Governor Michael S. Dukakis, Lt. Governor O'Neill                         |  |
| 12:30 - 2:00    | Luncheon Program  | <u>Louie's on the Wharf</u>                    |
|                 | Remarks, Governor Michael S. Dukakis                                      |  |
| 2:00 - 2:30     | Guest Speaker   |  |
|                 | Victor Hausner, Deputy Secretary<br>Department of Commerce                |  |
| 2:30 - 3:30     | Tours of the New Bedford Waterfront and<br>Historic District              |  |
| 3:45 - 4:45     | Policy Workshops (Simultaneous)   |  |
|                 | Energy  | <u>Fishermen's Union<br/>Hall (downstairs)</u> |
|                 | Marine Industrial Development/Cargo<br>and Shipping                       | <u>Fishermen's Union<br/>Hall (upstairs)</u>   |
|                 | Fishing   | <u>Whaling Museum</u>                          |
| 4:45 - 5:00     | Closing Remarks: Frank Keefe,<br>Director, Office of State Planning       | <u>Whaling Museum</u>                          |

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## Local Project Development

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### Community and Recreational Development

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#### PANELISTS AND RESOURCE STAFF

##### LOCAL PROJECT DEVELOPMENT

FRANK KEEFE, Co-Chairperson, is Director of the Office of State Planning and Chairman of the Governor's Development Cabinet. He also sits on the Energy Facilities Siting Council and is a member of the Special Commission on the Effects of Growth. Since he has been Director of OSP, the major policy documents City and Town Centers and an Economic Development Program for Massachusetts have been completed. These documents provide a framework under which the compatibility and consistency of all state-initiated development activities can be assessed.

WILLIAM FLYNN, Co-Chairperson, is the Secretary of Communities and Development. He has developed a system which centralizes services to municipalities in the Office of Local Assistance and has instituted a series of in-depth studies to aid in solving common local problems.

BYRON MATTHEWS, Co-Chairperson, is Director of the North Shore Economic Development Council, an organization concerned with the regional economic development of public and private entities.

GREGORY SENKO is the chief planner for the City of Salem. The main force behind the Urban Development Action Grant for the waterfront-downtown link, he is an integral participant in the development of Salem's nationally recognized revitalization plan.

RAY FRIEDAN is the Planning Director for the town of Plymouth. The close relationship among private development, downtown revitalization and waterfront redevelopment in Plymouth has given the town a challenge in responding to public programs, assistance and financing.

KEN SHAUGNESSEY is an original member of the Barnstable Committee for Growth and Change. The Committee, formed in 1977, is comprised of a group of businessmen helping to shape new downtown development strategies for the town. Mr. Shaugnessey served as chairman of the BCGC from November 1977 to June 1978.

JOHN BULLARD is the agent for the Waterfront Historic Area League, Inc. in New Bedford. During the past four years, while under Mr. Bullard's direction, WHALE has been the prime mover behind the revitalization of that city's Waterfront Historic District. He has recently organized the Downtown Action Committee to aid in directing improvements within the central business district.

FRANK GARRETSON is Planning Director for the City of Beverly. In that capacity, he is responsible for coordinating the City's emerging planning effort for the revitalization of its historic, but underutilized, waterfront and the nearby business district.

ALDEN RAINE is Chief Planner for Local Assistance in the Office of State Planning. He was the main force behind OSP's publication of the Urban Revitalization Catalogue, a manual describing the revitalization efforts of Massachusetts' cities.

PATRICK MOSCARITOLO is Director of Lt. Governor O'Neill's Washington Office of Federal-State Relations. Before joining his current office, he was Director of the Chelsea Office of Community Development.

JERRY HAYES is the Assistant Secretary for Communities and Development and holds responsibility for EOCD's community assistance programs.

MICHAEL BUCCIERO is Special Assistant to the Federal Co-Chairman of the New England Regional Commission. He was formerly Deputy Director of Massachusetts' Office of Federal-State Relations, heading the Commonwealth's Washington office.

SALEM

The City of Salem has committed itself to an impressive program of central city revitalization, much of it directed to improvements along or near its historic waterfront.

The Heritage Trust program is well into its second phase with construction underway on a multi-media theatre, approximately 60 units of housing, and office and retail space along the historically significant Pickering Wharf. This project interacts well with the nearby Derby Street revitalization effort, which includes the renovation of the old town hall on Derby Square, as well as the Salem National Park on Derby Wharf.

In another area of the harbor, the city will make use of \$1.9 million in UDAG monies to undertake a major revitalization program of "The Point" neighborhood. Monies will be directed to code enforcement, grants for housing repairs, public improvements, and - most significantly - to the conversion of 150 sub-standard apartments into fully rehab'd condominiums ready for reduced cost resale to working-class neighborhood residents. Also anticipated in this area of the city's waterfront is the rehabilitation of the Pequot Mills which would remain in industrial use but with upgraded space to serve as incubator locations for new firms seeking valuable water-related facilities in Salem.

The city proposes to tie both of these impressive area projects to the central commercial district with park improvements along the underutilized banks of the South River. It has received a commitment from the state of \$1.5 million in HCRS and Urban Self-Help monies for this purpose, a local match for which is now being sought.

When the riverfront park is complete, and the harbor area of Salem is re-connected to the wonderfully revitalized downtown, the city will serve justifiably as an example of a community which brought a vast array of funding sources and techniques together into a comprehensive downtown/harbor development program.

## PLYMOUTH

This historic town's agenda for community revitalization along its waterfront is defined by two needs: to integrate its tourism industry, which revolves to a considerable extent around historic sites on the waterfront, with the more general goal of revitalizing the town center; and to direct the growth which has been flowing into Plymouth and the surrounding communities into the main town center and the smaller village centers.

To help shape an implementation strategy, the town has recently completed a participatory Goals for Plymouth study, in conjunction with the emergence of the state-directed Growth Policy process.

In the town center, a number of projects are already underway: a new state-financed elderly housing project, a new central fire station, and a Townscape amenities program. On the agenda for funding and implementation is an ambitious package including a walkway along the harborfront, connecting the Mayflower II site with commercial and other tourism-related activities. One of the town's major industrial achievements is also a key component of the center revitalization and tourism strategies--the conversion of an abandoned clam factory to the world headquarters of the Ocean Spray cranberry processing company. "Cranberry World" is a growing tourism draw, and a key source of both tourist and industrial employee spending in the business district.

Plymouth faces an important choice with regard to a proposed hotel and commercial development which would be built on an extension of the harborfront created through filling or piling. Evaluating the pro's and con's of this proposal, environmentally and economically, is a key item on the town's agenda. Proposed state improvements to the Route 44 access road into Plymouth Center and to the State Pier, an aging structure which some argue must be improved or closed, are also up for discussion.

In the North Plymouth village center area, another opportunity to marry an industrial recycling project with commercial center revitalization presents itself at Cordage Park, the remains of Plymouth's long-time key employer, Cordage Rope. Under new management which envisions reusing the complex for a variety of industrial uses, Cordage--with the potential help of designated state port status at its front door--could re-emerge as an economic mainstay of the Plymouth economy and the turning point for the town.



In both centers, dredging of the federal channel, and in Plymouth Center of the inner, state-regulated channel as well, is considered a key to a growing waterfront economy.

### Hyannis

The town of Barnstable has formed a Committee for Growth and Change charged with planning the revitalization of its major village, Hyannis. Current efforts to revitalize the Cape's traditional downtown shopping and service center focus on a renewed realization of Hyannis as a waterfront community. Along with visual and physical improvements to the Main St. Commercial District, a major goal of Hyannis' Community Development Program is the expansion and improvement of the village's port on Lewis Bay. This fall, the Hyannis Harbor will be the focus of a course study conducted by an MIT Professor that will explore a variety of development options for the Town's waterfront area.

The Planning Process during the past year has involved over 100 citizens participating in Design Review Workshops sponsored by the Committee. A coordinated revitalization effort has been launched designating the opening of a 5 acre Village Green as the first project to be implemented. Plans include the design and construction of a park that will link Main St. with the waterfront, thereby creating a walkway to the sea. Funding to develop existing sketch plans for the park area into workable drawings is now being actively pursued at the local level. In October, the Town will submit its application to the State CZM Program for \$20,000 in planning money. They are presently awaiting word on a NEA grant, already submitted. Design work should be completed next Spring, at which time the town will seek funding through the State's HCRS program for the construction phase of the project.

In order to alleviate the traffic and parking congestion in the downtown and nearby waterfront area, the Cape Cod Regional Transit Authority is currently seeking funds to implement a loop bus system along the Main St. Other key downtown investments have already been made by the Cape Cod Times and a major Cape Cod Bank.

The first October Seafest is currently in the active planning stage. The program is the first major effort to make Cape residents more aware of the value of locally available but underutilized fish species. A grant request will soon be submitted to the Lt. Governor's Office for financial assistance under the remaining NERCOM funds allocated to Mass.

Finally, the Town of Barnstable will soon be acting on a recommendation from the BCG&C to establish an Office of Community Development to implement the conceptual plans put forth by the Committee through the Design Workshops.

## NEW BEDFORD

The Whaling City has done much over the past decade to improve and expand its harbor-related economic base. Efforts first began in the late '60's on two federally funded urban renewal projects - South and North Terminal - designed to increase the capacity of the waterfront to accommodate fish processing and marine industrial activities. These programs are nearly complete, and, with the pending replacement by the state of the Route 6 Bridge, will prove highly successful redevelopment efforts.

Early in the '70's, the city turned its attention to the central waterfront. Although a major arterial highway had cut off the waterfront from the central city, New Bedford was determined to invest in the revitalization of the so-called Waterfront Historic District (now across a highway from the nearest water) as the first step in re-establishing the harbor links. Several million dollars of public monies were spent on infrastructure improvements to this district, the majority coming from the city's Block Grant, but large amounts coming also from an EDA Title X grant, the state's Historical Commission, and the local public utility company. Underground services were either completely replaced or otherwise improved. Sidewalks were resurfaced, streets were paved with block stone, reproduction lights were installed and trees were planted. Work also was undertaken in partnership with private owners on most of the buildings in the district.

A symbolic product of this program is the construction of a pedestrian overpass, now nearly completed, to tie together again the central downtown, the Historic District, and the harbor.

Along the central harbor itself, many other projects have been or are about to be undertaken. All the city-owned piers have been rehabilitated with renewal, EDA Title I or Block Grant funds. A linear waterfront park is being created, with assistance from the state, to assist pedestrian movement along the north-south axis of the central harbor. In addition, State Pier soon will provide expanded facilities for cargo activities in a new shed to be constructed with \$1.2 million from the state's capital outlay funds.

Taken together, these projects have served to increase the potential of the waterfront for expanded fishing, marine industrial, and tourist-related industries in a comprehensive effort by New Bedford at city revitalization.

BEVERLY

The waterfront in Beverly retains an assemblage of commercial, marina and residential activities which have tended to underutilize the potential of its fine harbor. The city is beginning a program to change the image of its waterfront and to emphasize its relationship to the downtown, through the "Fish-flake Hill" historic district.

A major keystone to this revitalization effort will be the new Salem-Beverly Bridge, to be constructed shortly by the state with \$13 million of federal highway funds. This bridge, which is planned to merge with the easterly end of the Salem-Peabody Connector highway, will terminate in Beverly in a series of feeder ramps into the main waterfront and downtown streets. The harbor thus will have direct access via limited access roadways to Rt. 128 and the state's major highway system.

In anticipation of this bridge construction project, the city is developing its plans for the revitalization of the waterfront in the area of the former Salem bridge. Discussions are now beginning to conceptualize a conversion of the outmoded bridge for a park and up-graded marina complex.

The city also is seeking the reconstruction of the B&M Eastern Commuter rail line to provide improved, direct railway service to its central city. Beverly hopes too to increase the potential for downtown and waterfront revitalization through a retention of the North Shore Community College in re-used and newly constructed buildings which could combine to provide a suitable permanent campus for that facility.

The city recognizes that a comprehensive program for central redevelopment will be needed, and it therefore has formed a Revitalization Study Committee to strategize a program for downtown and harbor renewal. Beverly anticipates a healthy economic future based at least in part on its waterfront resource.

## CHELSEA

In Chelsea, the most distressed city in the Commonwealth up until now, a major effort is about to get underway to alter the entire nature of its waterfront.

The Naval Hospital site, along the banks of the Mystic River, was declared surplus property several years ago. The city began then to plan for the reuse of that 88 acre facility for a variety of complimentary uses. Part of the area, some 26 acres, will be redeveloped by the MDC as a waterfront park, under a \$1.6 million program which includes the donation of land from the GSA. Another portion is projected to become a 250 boat marina, through a co-operative effort of the city, the Army Corps of Engineers, and a private developer. The majority of the site will be redeveloped in 1200 units of housing, including upper-income duplexes and town houses as well as 300 units of MHFA-subsidized elderly apartments. Most of the housing will be new construction but there will be some rehab, particularly in the historic Building 59. Finally, 14 acres of the site will be utilized as an industrial complex.

Funding for this massive development project will be coming from three prime sources. In August, announcement was made by HUD that Chelsea would be the recipient of \$6.8 million of UDAG monies, to be used mainly for the acquisition of the land from GSA and the construction of public infrastructure improvements. An innovative aspect of the UDAG includes the direction of land sale proceeds to a nearby neighborhood rehabilitation program in Chelsea Square. The park monies were included in the state's 1978 capital outlay budget. In addition, the city recently received approval of its pre-application for \$1.4 million of EDA Title 1 monies to assist in the development of the industrial area.

In total, this "Waterfront Neighborhood Revitalization Program" totals \$94 million. The public component in the venture, including the UDAG, amounts to approximately \$13 million. This most ambitious project represents an outstanding example of the public sector - at the local, state, and national levels - working with the private investors to make a significant statement about the potential for waterfront development as a means of upgrading an entire community.

## Marine Industrial Development / Cargo and Shipping

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### PANELISTS AND RESOURCE STAFF

#### LOCAL PROJECT DEVELOPMENT

KEVIN GEANEY, Chairperson, has worked in the Lynn Planning Department, currently as Director, for seven years. Recent projects which he directed include an application for EDA funds for a municipal wharf and related dredging, the development of a sewage treatment plant adjacent to the waterfront, and two major industrial proposals for the port.

BILL TORPEY is manager of the Fall River State Pier and has been involved in an effort to secure EDA funds for upgrading of the pier.

RON ZOLLECK is Director of the South Shore Chamber of Commerce, an appointment which he accepted last spring.

JOHN BROWN is an executive assistant to Mayor George McCarthy of Everett.

KEITH LAKEY is a member of the New England River Basins Commission, the federal inter-state agency that specializes in coastal planning. Mr. Lakey has done extensive work in port studies and workshops.

CLAUDE LANCOME is a Deputy Commissioner for the state Department of Commerce and Development.

JOHN HANNON is the Director of the Division of Waterways, the agency within the Executive Office of Environmental Affairs concerned with the funding and licensing of structures in tidelands and dredging.

JOHN SAWYER is Administrator of the Division of Community Services within the Department of Community Affairs, EOCD.

DAVID STEIN is a Program Director for the N.E. Regional Commission.

#### POLICY WORKSHOP

HOWARD SMITH, Co-Chairperson, is the Secretary of the Executive Office of Economic Affairs. Through programs for capital formation and business development, Economic Affairs has sought to create a more favorable economic climate within the Commonwealth and its port cities.

FREDERICK SALVUCCI, Co-Chairperson, is the Secretary of the Executive Office of Transportation and Construction. His office has helped develop and implement programs promoting energy efficiency as well as increasing accessibility to the Commonwealth's cities. EOTC also houses the state's Department of Public Works and the Massachusetts Port Authority.

ROBERT CALDER is the Executive Director of the Boston Shipper's Association.

LYNN

For several years, the city of Lynn has watched as other port cities have gone through waterfront revitalization activities while its own extensive harborfront has gone largely undeveloped. Within the last year, however, the city has begun some aggressive efforts to return its waterfront to productive use.

As a first step, the city formed an Economic Development Industrial Commission to take title to some 65 acres now owned by the New England Power Company (NEPCO) and establish a development plan for the area. The city worked successfully with the state's Department of Environmental Quality Engineering to alter the layout of the city's planned sewage treatment plant so that it would not interfere with future waterfront development. The same holds true for the harborfront landfill, where city, state and federal efforts have focused on resolving problems of alternative disposal sites.

There are currently a number of proposals underway or being considered along the waterfront. Lynn has applied for and received preliminary approval on an Economic Development Administration "304" grant. The \$160,000 will fund construction of a municipal wharf at the northern end of the NEPCO parcel to help handle cargo now taken overland and barged from other areas and may precipitate location of two waterfront industrial users on abutting land. The state's Division of Waterways has agreed to dredge a channel accessing the new wharf, while the federal Corps of Engineers has undertaken a feasibility study on a deep draft channel leading to the waterfront.

At present, there are two major uses under consideration for the planned industrial port. The first is a proposal by the America East Corporation, a Lynn-based industrial firm, which would promote development of fishing-related activity on 30 of the 65 NEPCO acres. The proposal, now being refined by the developer, includes construction of fresh and frozen processing plants, attendant industries (i.e., ship repair) and facilities, with a deep draft access for larger vessels created along the harborfront and construction of an extensive breakwater at the southern end -- the latter to service recreational craft. Thirty-five of the acres would remain under city ownership, being devoted to parking, open space and docking facilities.

The other, and more recent, proposal concerns development of a containerport on the Lynn waterfront. Under a \$20,000 grant from the Boston Shippers Association, the area is being studied for its economic potential as a major container facility.

Lynn's waterfront represents the single largest parcel of open port space in any of the state's designated ports and, in some respects, the greatest opportunities. It may likely be some time before Lynn and its interested developers have weighed the costs and benefits associated with either of these larger development schemes. In the interim, the city has developed a sound agenda for developing the port at a reasonable and productive pace.

## FALL RIVER

The cargo industry is growing in Fall River, thanks to a major co-operative effort on that behalf by the city, state and federal governments. Two years ago, the city's Industrial Development Commission received a report of C.E. Maguire, Inc. which reported on the status of port operations in Fall River and made comprehensive recommendations of steps to be taken to encourage port development. The \$128,000 study was funded by EDA under a Title IX planning grant.

The study emphasized two aspects of port facilities. One was the docking capabilities at and in the vicinity of State Pier, and the other involved the use of the land and buildings on or near the Pier. With regard to docking it was recommended that certain improvements be made to the pier and - most importantly - that maintenance dredging be undertaken to eliminate the silt which has limited the ability of the Pier to accommodate larger draft vessels. Despite a series of environmental concerns which have caused certain delays in their resolution, the state will begin this fall this much heralded dredging operation.

Local government itself has taken steps to respond to the second set of recommendations. The Maguire report found that the cargo shed on State Pier was being administered inefficiently to attract major cargo handlers. Much of the space was leased to firms whose operations were not directly related to the port. Based upon this observation, the city, through the Fall River Line Pier, Inc., has moved to eliminate these lessees from the State Pier area and relocate them to inland sites within Fall River. As a result, the city has attracted to the Pier an importer of rubber products which plans to make Fall River its prime northeast coast port.

Fall River now knows what is left to be done. In order to increase its capacity for through-port users, alterations should be made to the cargo shed, the docking facilities, and the land-based marshalling sites. The city is in the process of applying for an EDA grant of approximately \$10 million to undertake some of these improvements. The state has been willing to assist, committing a \$12,500 CZM grant toward a further study of some hydrologic problems and \$750,000 DPW investment based upon the eliminated need to provide a new bridge over a man-made waterbody which will be filled to provide additional assembly land area.

Once these alterations are in place, the future of cargo handling in Fall River will appear very bright.



QUINCY-WEYMOUTH

There is a variety of industrial activities in the harbor shared by these two South Shore communities and formed by the Fore River. Key to industrial growth here are two opportunities.

On the Quincy side, the massive General Dynamics shipyard, the South Shore's largest industrial employer, is pursuing a major naval destroyer contract. In the more long-range future, the yard's capacity to build future generations of super-tankers is recognized to depend on the replacement of the present Fore River Bridge on Route 3A with a new structure providing a wider navigable span. The state, in alliance with the region's governmental and economic community, is pursuing avenues of federal funding for such a replacement, and for the first time there is some optimism that the funding categories for federally-aided projects will be changed so as to make this project eligible for substantial assistance.

On the Weymouth side, the closing of the Boston Edison plant leaves a major industrial building available for reuse. The town and the South Shore Chamber wish to explore the possibilities for creating a "vertical industrial park," similar to the Cordage Park effort in Plymouth, among other industrial reuse options.

EVERETT

The southern edge of Everett fronts on the Mystic River and has great industrial advantages in proximity to Boston; access by water, rail, and highway (the Revere Beach Parkway); and a comparatively low tax rate.

Recent industrial additions in this area include the Coldwater Seafood Corporation's 200,000 square foot fish processing plant and cold storage facility, and Monsanto's new administration building which consolidated that company's operations. In conjunction with this expansion, land was created for a new industrial park served by a deep water dock.

A number of drawbacks, however, have prevented the area from fulfilling its potential for utilization. Roads in the area, some of which are in private ownership, are in poor condition. Portions of land have poor access, or access only through a residential neighborhood in the center of the district. Drainage is no good in some parts, and no fire or police alarm systems serve the area.

In recognition of these needs, the city of Everett is applying for a UDAG grant to support "Operation Industrial Uplift" of this area. The funds would be used to improve and add roads and drainage, possibly to purchase unused portions of land, and buffer the residential neighborhoods from the industrial users. Parts of this buffer would include improvements to the existing playground and addition of other recreational amenities.

The city has requested state support of the project in the widening of a state route by the Mass. DPW and provision of a boat ramp by the MDC. The MBTA has declared approximately 8 acres of property previously used for their Orange Line operation as excess property and is in the process of disposing of it for waterfront-related industrial uses.

The work funded by the UDAG would permit the expansion of several small industrial in this area which are committed to do so if these infrastructural improvements are made. Also, Distrigas would expand and improve their docking and loading facilities for LNG vessels, and Market Forge, which employs 450 workers, would have the opportunity to construct a needed new 500,000 square foot facility.

It can be seen, from the descriptions presented above, that waterfront development in Everett means industrial development. The city is moving forward in a comprehensive program of inter-related funding techniques to achieve that goal.

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## Fishing

### PANELISTS AND RESOURCE STAFF

#### LOCAL PROJECT DEVELOPMENT

MICKEY SWAIN, Chairperson, has been an energetic force behind the fishing industry for many years. He is captain of a vessel out of New Bedford, and sits on the Marine Fisheries Advisory Board, the federal OCS Advisory Board, and was a member of the 200 Mile Fishery Work Group. He is also president of Boatowners United, an information and advocacy group for the fishing industry.

GEORGE HILTON is president of the Hilton and Strout Fishing and Boating Center, Inc. His family has been in the fishing business for forty years, in Newburyport for eighteen. Mr. Hilton's company accomodates both commercial and recreational craft. He has been actively involved as a commercial fisherman as well as managing the Newburyport dock.

EDWARD MACLEOD is the past Chairman of the New England Regional Fisheries Management Council and is actively involved in the industry as a representative on various committees. He is also general manager of a processing plant in Gloucester.

ROBERT HANKS is the Assistant Regional Director of the National Marine Fisheries Service.

KEITH LAKEY is Director of the New England River Basin Commission's Port and Harbor program. He is currently seeking funds for a special study to review the status of New England's port and harbor facilities.

PHIL COATES is Assistant Director for Commercial Fisheries in the Massachusetts Division of Marine Fisheries. Mr. Coates serves as DMF's Director's, Alan Peterson, designated alternate as Chairman of the New England Regional Fishery Management Council.

MICHAEL VENTRESCA is General Counsel for the Executive Office of Environmental Affairs. He is also the EOEAL liaison with federal agencies, the Lt. Governor's office, the Legislature and the state's Congressional members.

MICHAEL FENLON is a member of the Lieutenant Governor's staff and deals primarily with federal-state relations.

BOB KEATING is a Program Director for the N.E. Regional Commission.

POLICY WORKSHOP

Lieutenant Governor THOMAS P. O'NEILL and Secretary of Environmental Affairs EVELYN MURPHY, Co-Chairpersons, have done extensive work on the revitalization of the fishing industry in Massachusetts. Together, they chaired the 200 Mile Fishery Work Group, the formal state task force which addressed itself to problems of the fishing industry and recommended certain actions for the revitalization of that industry. Tom O'Neill worked closely with the Congressional delegation to ensure passage of the Fisheries Management and Conservation Act and was actively involved in the development of the regulations in conjunction with it. Evelyn Murphy and the state's Division of Marine Fisheries have been involved in the development of a state fisheries policy to complement the federal FCMA.

CALEB LORING is the Assistant Vice President of the First National Bank of Boston. He was a banking representative on the 200 Mile Fishery Work Group.

BRIAN VEASEY is the business manager for Golden Eye Seafoods, an innovative processing firm experimenting with non-traditional species. Golden Eye has businesses in Stonington, Connecticut; Harwich, Martha's Vineyard, and Fairhaven. In addition, the firm has established both domestic and foreign markets for non-traditional species.

FRED LEBER is an ex-businessman from New York who moved to Gloucester to become involved in the fishery. He has subsequently had a vessel built and has now become a full-time fisherman.

## NEW BEDFORD

New Bedford is the largest fresh fish port on the east coast, and first in value of the catch. The City's large "South Terminal" - stretching from the hurricane dike to the Route 6 bridge - consists largely of piers and unloading and processing facilities for the fishing industry.

The city hosts a large and growing fishing fleet; there are at least 125 draggers, 14 swordfish vessels and 40 sea scallopers operating out of New Bedford. By the end of 1978, it is expected that some 15 new draggers and 20 new scallopers will have been added to that fleet over the past two years alone. Last year the finfish catch was valued at \$ 22 million, while sea scallop landings for the same period accounted for an additional \$ 20 million. Much of this catch is handled locally at the city's 15 processing plants. The processing sector alone contributes somewhere between 700 and 800 jobs to the local economy.

The city's daily fish auctions on Pier 3 bring in large numbers of commercial vessels for offloading, and represent a focus for New Bedford's fishing industry. Years of neglect and heavy use have made their impact on Piers 3 and 4 and have consequently hampered their use by commercial vessels. In response, the city filed an application with the Economic Development Administration in Fall, 1976 seeking special Title IX funds for rehabilitation and reconstruction of the piers. The project, approved the following year and now underway, has brought in one and a quarter million dollars in federal support for bulkheading, filling, sewer and water line construction, fender systems and parking areas.

New Bedford's attention to its fishing industry has been vigorous. While the city hosts a wide range of other waterfront uses, it has been careful to provide adequate space and facilities for its fishing economy and should stand as a model for other ports attempting to encourage fishing growth.

## NEWBURYPORT

Newburyport has a relatively strong fishing base, a fact which tends to be overlooked as attention focuses on the city's impressive downtown revitalization efforts. While there are navigational problems at the mouth of the Merrimack River - access to the port - which the Corps of Engineers is attempting to resolve, Newburyport supports a finfishery for groundfish in which 32 vessels and 85 fishermen participate. Most of these vessels are draggers, and can convert to gillnetting or tub trawl gear, depending on the species of fish being sought. The majority of the finfish vessels engage in the bluefin tuna fishery and there is a solid lobster fishery out of Newburyport as well.

All of the fish landed here are trucked to processors by the city's local fishing cooperative. One of the six such cooperatives in the state, the Tri Coastal Seafood Cooperative, Inc. serves traditional "middleman" functions between the fishermen and the buyers - marketing and shipping - and works as a unit to produce a high volume catch while providing fishing-related dockage and storage facilities. There are a few dealers for the Newburyport lobster catch and no live storage facilities. The Coop itself does not have the facilities to process its finfish catch, but it does have plans to do so in the future.

One of the impediments to the Newburyport fishery has been cold storage. In response, the city filed a \$ 15,000 grant application with the New England Regional Commission for construction of a 10 ton/day ice plant. The grant request, approved in April, 1977 and matched with \$ 50,000 in local Community Development Block Grant funds, has resulted in the recent dedication of the facility, which is now being leased to the Coop, along with refurbished dock space on a former marina site. It may well be that the expansion of commercial docking space which will provide ice-free winter berthing (a severe problem for the fishery here) will be next on the local agenda for the fishing community.

#### GLOUCESTER

Gloucester stands as the largest port on the north shore and the highest volume port on the east coast. There are approximately 180 vessels with 650 fishermen working out of Gloucester. Its processing sector handles mostly frozen block fish, and there are 11 fish buyers located in Gloucester, many of whom ship substantial amounts of fresh fish, generally by truck, to the New Bedford, New York and Philadelphia markets. Because the Gloucester processors handle primarily frozen block fish (mostly foreign caught), the Gloucester fleet can only land those species and quantities that local buyers can market. This makes it extremely difficult for the fleet to diversify. This limited amount of fish processing capacity, and limited dockage and off-loading facilities, are two major handicaps to the industry within the port.

These problems, along with vessel financing, have been the subject of an \$ 8.7 million dollar state/local/country/NERCOM/EDA combined grant. The keystone of the project is the construction of a new freezer cold storage facility, along with renovations to the existing Stalls Building which houses eight fresh fish processing firms. A small boat docking facility on the south side of the pier and an intermediate boat docking facility on the north side are also planned under the grant.

Groundbreaking for the south boat dock is scheduled for October of this year, with completion scheduled for early January, 1979. With subsequent starts on the ancillary gear building slated for November and the freezer for February, next spring should mark dramatic improvements for the fishery in Gloucester.

Several conflicts have arisen during the course of the Gloucester "Title IX" grant, most of which have been resolved through intensive city and state efforts. Among these have been problems of dredge residue disposal resulting from construction of the south boat docking facility, resolved through use of the Gloucester city landfill in Magnolia; property taking on the state pier for the freezer, now underway through the Attorney General's Office; and possible conflict between development of the north boat docking facility and the Gloucester Housing Authority's plan for a Head of the Harbor project, resulting in a continuing effort between the state and the GHA on relocation of one of the two projects.

On the non-construction end of the project, a final study on expansion and development of the state pier has been used as a master plan for industry needs and continuing efforts for the 1980's. The fishermen's loan fund, a revolving fund set up for "replacement only" costs of vessel financing, has expended \$ 131,000 to date helping a number of vessel owners, with a \$ 24,000 balance currently in the fund. A fresh fish marketing program has brought about new markets in Denver, St. Louis and other U.S. cities.

The unique program now operating in Gloucester has only been successful inasmuch as local, state and federal officials have, together with many local fishing industry representatives, put intense time and effort into the project. Its success may well influence EDA decisions on funding future fisheries projects.

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## Multi-Use Development / New Bedford

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### NEW BEDFORD

The City of New Bedford is serving as the host city for this conference because of the success it has had in integrating a variety of economic activities within its harbor. As you will see on the tours today, the city is working on carefully strategized agendas to develop its fishing, marine industrial, cargo, tourism, and recreational potentials into viable elements of its growing economic base.

### Fishing

Recognition of the importance of the harbor formed the basis 13 years ago of New Bedford's ambitious waterfront renewal efforts. The so-called South Terminal Urban Renewal project was begun in 1965 with several goals in mind: to upgrade the berthing facilities for the city's fishing fleet at existing city piers; to remove decaying industrial buildings from the south end and to provide in their place prepared sites for harbor-related industrial expansion; to provide deep water docking space at bulkheads in this industrial area; and to serve the area with a modern infrastructure and an improved roadway system. Shortly thereafter, the North Terminal project was instituted with similar goals in mind. Both of these massive undertakings were assisted by federal and state renewal, EDA Title I, and Community Development Block Grant (CDBG) monies.

The South and North Terminal projects now are virtually complete. Nearly a dozen modern processing plants are serving the city's expanding fishing fleet; more can be expected as a result of the extended 200-mile fishing limit. With assistance from the state's DPW, the inner harbor waterfront is tied to Interstate Route 195 along the Route 18/JFK Connector, which is soon to be lengthened to better serve the industrial plants of the far south end. Work is just being completed on Homer's and Leonard's Wharves and the merged Piers 3 and 4, all of which will provide upgraded and expanded docking space for the fishermen.

### Marine Industrial/Cargo

New Bedford has been forceful in taking action to better accommodate its vitally significant fishing industry. More recently, the city has been able to broaden its efforts for other types of harbor development. A growing economic base for the city is marine industrial and



cargo handling, which together have required two critical facilities to assure their success. One such facility is an expanded cargo storage and assembly building at State Pier. The other is replacement of the New Bedford/Fairhaven Bridge, whose constructed passageway prohibits large ships from reaching the North Terminal industrial sites. In both cases, the state has responded to the city's need. Funding at the level of \$1.2 million for a new cargo shed is included in this year's capital budget authorization, and the Massachusetts DPW has pressed Federal Highway to increase the priority status of the bridge replacement, with the crucial environmental impact statement is about to get underway.

### Tourism and Recreation

Tourism also is viewed as a base upon which a local industry can grow. This prospect was promoted by the city, beginning in 1974, with assistance from the Community Development Block Grant program. Approximately 13 percent of the city's first-year grant of \$10 million was spent on historic preservation/tourism development activities, much of it within the Waterfront Historic District. The concept for the District was centered around an objective of keeping the area viable for its existing harbor-related commercial activities while at the same time permitting visitors to appreciate this robust and vital element of the New Bedford heritage. With this in mind, the city determined that its investment could best be directed to the provision of adequate infrastructures and treatments of public areas in ways which would enhance the valuable historic structures of the District. Thus, the sidewalks in the area were repaved in a patchwork pattern individually adapted to echo the nature of the structures which face upon them. Public services were replaced or repaired, streets were paved with authentic blockstone, and historically accurate street lights and trees were installed.

The city also has made investments in selected buildings in the District considered critical to the revitalization program. In this endeavor, the city and the Waterfront Historic Area League (WHALE) combined their efforts in a superb example of public and private cooperation. Over \$200,000 of CDBG monies were spent on the restoration of the Benjamin Rodman House, owned by WHALE and restored on the exterior of it, in anticipation of its reuse as the New Bedford Glass Museum. WHALE and the city joined forces again in moving the Andrew Robeson House off a site to be reused for the gas furnaces of the Pairpoint Glass Company, which is returning its

fine craftsmanship to New Bedford after nearly 30 years of absence. This project also was assisted by the state through a "304" Governor's Discretionary Grant. The Architectural Conservation Trust for Massachusetts (ACT) and WHALE have co-ventured with the New Bedford Five Cents Savings Bank the rehabilitation of the important Rodman Candle Works. And much other work is being undertaken by individual building owners, assisted by WHALE and the city's Office of Historic Preservation.

Tourism has increased remarkably as a result of this work. The statistics indicate a tripling since 1976. Tourists are drawn by the Whaling Museum, the Historic District, the Glass and Fire Museums, and the Lightship "New Bedford." But they are attracted also by the interplay of real life activity which occurs on the harbor with fishing boats, Coast Guard vessels, ferry boats, pleasure craft, cargo ships, barges, and tugs which ply the waterfront with a vibrancy which cannot be recreated in a land environment.

#### Integrative Ties

The harbor represents a significant portion of the life blood of New Bedford. The tie of the harbor to the city's downtown is being recreated in a symbolic manner along a pedestrian overpass now under construction between the Historic District and Piers 3 & 4. Work also has begun on a linear waterfront park which will assist pedestrian movement along the north-south axis of the central harbor.

New Bedford has been in the forefront among cities which recognize the significance of a port, and the major activities which depend upon it. Merging the fishing, cargo, marine industrial, energy-related, tourism, maritime transportation, and recreational functions of its harbor will continue to be a priority for the Whaling City.

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## Port Development Resources

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### Community and Recreational Development

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Within the port cities and towns of Massachusetts, the term "community development" is synonymous with harbor development. The programs laid out by the port communities to revitalize their harbor areas recognize not only the significance of their oceanfront resource to general local economic health but also attempt to integrate the various harbor-related needs into a co-ordinated effort of sound land use planning and the provision of infrastructures to serve these uses.

Community development in port areas can mean many things. It can include one locality's need to merge the harbor into a central city revitalization project. It can incorporate another city's concern for expanded recreational facilities on the waterfront. It can imply an emphasis on tourism, or a recognition of marine-related industrial needs. It can be seen to relate intimately with OCS issues.

And just as the range of topics under the general heading may be varied, so are the approaches undertaken by the port cities and towns of the Commonwealth to deal with them. In Newburyport, Beverly, Salem, and Hyannis, an emphasis has been placed upon use of waterfront space by commercial, residential, and tourist/pleasure craft activities. Lynn, Everett, Chelsea, Quincy, and - at least until recently - Fall River, have developed a preponderance of industrial functions. Gloucester has successfully cultivated the fishing trades. The City of New Bedford, and to some extent the Town of Plymouth, have attempted to include a wide range of uses and activities within the waterfront space.

The state and Federal governments have recognized the varied needs of port communities and have developed programs or adopted policies designed to assist in the revitalization process. One of the most recent and most exciting is the Urban Development Action Grant (UDAG) program begun this year at the U.S. Department of Housing and Urban Development. Under this program, local governments are encouraged to work with private development interests in pursuing together a strategy of funds assembly. Once a sound project is defined, HUD agrees to inject the amount of federal monies required to bring the project to successful fruition.

The state also has taken steps to re-allocate its public monies, re-orient its procedures, or create innovative programs which can help in the development of Massachusetts ports. A program recently announced and receiving considerable attention is the State Heritage Parks. The Department of Environmental Management will be working under this program to construct parks in urban settings which serve a multiple function: to provide recreational open space for city dwellers, to emphasize the heritage of a community, and to serve as a catalyst for investment within its impact area. Many of the port cities of the Commonwealth have expressed interest in this noteworthy program.

Other significant funding sources are described below, as are certain regulations or procedures which bear upon some aspect of a port development project.

## Overview

The values of urban places emanate from the qualities of the environmental variety which abound within them. The parks, the rich architecture of city buildings, the heritage of ethnic groups, abundant cultural offerings all combine to make cities exciting places in which to live.

State and federal programs have recognized the importance of environmental amenities in various ways. Through regulations, communities are assured that the expenditure of federal monies will not adversely effect their historic resources, whether they be buildings, archaeological sites, districts, or vistas. Through available funding mechanisms, both federal and state, cities can provide for the retention and improvement of urban open spaces and the operations of cultural programs.

This section will describe the major mechanisms available to communities to undertake these objectives. Those listed below are the people within the state agency who can best describe how the programs and procedures can be aimed at improving the urban environments.

## People to Contact

### State Representatives

### Regarding

Division of Conservation Services  
Joel Lerner, Director of the Division  
100 Cambridge St., Room 2100  
Boston, MA 02202  
(617) 727-1552

Funding for Urban Parks

Massachusetts Historical Commission  
Patricia Weslowski, Acting Executive Dir.  
State Historic Preservation Officer  
294 Washington St., Boston, MA 02108  
(617) 727-8470

Protection of Historic Resources

Massachusetts Council on the Arts and Humanities  
Anne Hawley, Executive Director  
One Ashburton Place, Room 619  
Boston, MA 02108  
(617) 727-3668

Funding for Cultural Activities

Department of Environmental Management  
Richard Kendall, Commissioner  
100 Cambridge St., Room 1905  
Boston, MA 02202  
(617) 727-3163

State Heritage Parks

### BOR/HCRS Grants for Urban Parks

- traditionally known as BOR monies, these grants provide 50% reimbursement funding for acquisition and development of recreational areas
- monies actually come from the Land and Water Conservation Fund, which until recently was administered at the federal level by the Bureau of Outdoor Recreation (BOR). Now it is administered by the Bureau of Heritage Conservation and Recreation Services (HCRS) within the U. S. Department of Interior
- BOR/HCRS monies are administered in Massachusetts by the Division of Conservation Services within the Executive Office of Environmental Affairs
- funding decisions are normally made every September prior to the start of the federal fiscal year which begins October 1.
- applicants should submit a letter of intent in the spring, or no later than the early part of the summer, to the Secretary of Environmental Affairs who in Massachusetts is also the State Liaison Officer with the federal agency for the purposes of this program
- emphasis of the program is upon provision of adequate recreational facilities within urban concentrations

### Urban Self-Help Program

- a program anticipated to begin soon in Massachusetts to assist communities in the acquisition of land to be used for urban open space
- funding for the program has been included in the state's capital outlay budget
- like BOR/HCRS, this program is administered by the Division of Conservation Services
- preliminary regulations include the provision for up to 80% reimbursement for acquisition projects when the program is used alone
- when combined with a BOR/HCRS project, acquisition reimbursements could rise to 90%
- program is instituted locally through the Conservation Commission

### State Heritage Parks

- larger in scope than the programs described above, this new program will begin this year to fund major urban parks in a limited number of cities within the state
- this program is modeled after the Lowell experience in which the state and local governments cooperated to provide a comprehensive recreational, interpretive, and urban design /development strategy for a major segment of the city
- requests for proposals <sup>were</sup> ~~will be~~ issued by the Department of Environmental Management during ~~June~~ <sup>July</sup>
- return of the proposals by the local communities will be required in early fall. Between ~~June~~ <sup>July</sup> and September, DEM will work closely with interested communities which meet basic program criteria to refine their project concepts
- heavy emphasis will be placed upon community initiative to develop preliminary schemes and to commit local monies (particularly CD Block Grant funds) for surrounding related projects
- projects must include unique opportunities for the improvement and development of natural and cultural resources of state or regional significance
- projects must also be related to the stimulation of area reinvestment, with particular emphasis upon involvement of the private sector

### Environmental Review of Project Affecting Historic Resources

■under federal regulations, any federal monies (including CD Block Grant funds) which affect properties on or eligible for the National Register must do so with no adverse effect to those properties, or under a plan to mitigate adverse effects to the greatest degree possible

■the system works as follows:

●Step One - determine whether there is any property involved which is on or eligible for the National Register. This must be done in conjunction with the State Historic Preservation Officer. If none is involved, the process ends here.

●Step Two - determine whether the project will in fact affect any property on or eligible for the Register. Concurrence in this decision must be given by the State Historic Preservation Officer. Again, if there is no effect, the process is completed.

●Step Three - determine whether the project's effect will be beneficial or adverse. Again, concurrence is required by the State Officer, but even if the effect is determined to be beneficial, the Advisory Council on Historic Preservation in Washington must agree with the decision.

●Alternate Step Three - if the result of this step is agreement that the effect will be adverse, then the project must be dropped or a plan to mitigate the adverse effects must be developed, concurred in by the State Officer, and approved by the Advisory Council.

■the important element to note in this process is the advantage to be gained by consulting early in the process with the staff of the Massachusetts Historical Commission



## Environmental Protection Under Chapter 40C of Massachusetts General Laws

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- unlike a National Register Historic District which provides protection only against the improper use or application of federal monies, a Chapter 40C district brings with it the control of every architectural feature proposed to be altered within the district
- establishment of a district locally begins with a Study Committee which prepares a report on the significance of the proposed historic area
- ultimately a district must be accepted by 2/3's vote of a city council or local governing body
- once established, the district is administered locally by an Historic District Commission
- the Commission must give its approval to each proposed alteration of an architectural features, which is defined in the statute to include such diverse elements as color, fence styles, and roofing materials, among numerous others

## Funding for Cultural Activities

- state funding for cultural activities is available through the Massachusetts Council on the Arts and Humanities, a private nonprofit organization located within the Executive Office of Educational Affairs
- annual support programs are available for the following general categories:
  - financial assistance for production, sponsorship or support of arts or humanities activities which serve a broad spectrum of Massachusetts citizens
  - financial assistance for conservation of historic objects
  - limited financial assistance for local community-based arts and humanities activities
- all programs operate on a 50% reimbursement basis
- eligible applicants are nonprofit organizations based in Massachusetts (and in some cases must also be tax-exempt)
- funding schedules vary according to the type of program
- contact the Massachusetts Council regarding the many programs available through the National Endowments on the Arts and Humanities

### Overview

The organization of a city's administrative mechanisms for community development can have a major impact on the success or failure of a worthy project. Having the structures in place in anticipation of a development effort usually means the following:

- the community is aware of all available funding or procedural incentives and has organized to take maximum advantage of all leveraging opportunities
- the community is serious about its desire to bring about revitalization and has taken all necessary positive steps internally to prepare and pave the way for it.

Capacity building does not mean that duplicative organizations or positions need be created in response to a variety of incentive programs. Rather it means the co-ordinating of the administrative team at the local level to provide both maximum efficiency in its outreach and development efforts and maximum quality in its supportive staff, data and materials.

Included in this section are those programs or approaches most useful in the structuring or building of local capacities for community development.

### People to Contact

#### State Representatives

#### Regarding

Community Development Finance Corp.  
Matthew Hobbs, Executive Director  
131 State Street, Boston, MA 02109  
(617) 742-0366

CDC's/CDFC

State Manpower Services Council  
Ralph Jordan, Executive Director  
Hurley Building, 4th Fl.,  
Boston, MA 02114  
(617) 727-4344

CETA

Department of Community Affairs  
Richard Kobayashi, Director, Office  
of Local Assistance  
Rm. 1619, One Ashburton Pl.,  
Boston, MA 02108  
(617) 727-3253

Local Community  
Organizational  
Structures

### Community Development Corporations (CDC's)

- This broad umbrella term refers to corporations organized for the purposes of undertaking actions to assist in community development or redevelopment.
- CDC's generally are formed for specific purposes related to particular enabling legislation or funding programs. Two of the more pertinent purposes are:
  - CDC's under the Massachusetts Community Development Finance Corporation (CDFC)

Under the enabling legislation establishing CDFC, the investment of its equity and debt capital monies in privately owned, profit motivated businesses must be made by a CDC. The CDC in this case must be a non-profit corporation organized within a specific geographic area, or "target area," and must define specific projects which will add to primary employment for the area and which could not be undertaken successfully by private financing mechanisms. The corporation must provide that membership be open to all residents over 18 years within the geographic area and that the Board of Directors be a group composed one half by persons elected by the full membership and one half as appointees of state or local government officials or appointees of other non-profit organizations in the geographic area. CDFC retains the authority to rule particular CDC's eligible, to accept a "target area" defined by a CDC, and to approve each project. Eligible activities for a CDFC/CDC include any commercial, industrial, or real estate business or other economic development activity undertaken in a "target area" to reduce conditions of blight, economic depression, or widespread reliance on public assistance.

- CDC's as Local Development Companies (LDC's) for Purposes of SBA Programs

The Small Business Administration provides assistance through Local Development Companies (LDC's), which are another form of a CDC. In this case, SBA stimulates the flow of private capital and long-term loans for the financing of business operations, growth, and modernization of small concerns by channeling its assistance through an LDC which actually undertakes the development project. An LDC is formed specifically to assist in packaging and developing the financing for particular projects. The LDC can be incorporated as either a profit-making or nonprofit company under Massachusetts law. Its purposes must be defined

to authorize the promotion and assistance of growth and development of small businesses within a given geographic area of operation. The primary objective of each LDC must be the benefit to a community, as measured by increased employment; payrolls, and business volume as opposed to profits for its shareholders or members (which is limited to the average rate of interest paid in financing the project). Each LDC must have a minimum of 25 stockholders or members, of which 75% must live or do business in the LDC's area of operation.

- The financing mechanisms actually available through both CDFC and the SBA "502" or Urban Neighborhood Revitalization programs are discussed in the section titled, "Capacity Building for Commercial and Industrial Development."

## CETA

- Known as CETA, the federal Comprehensive Employment and Training Act of 1973 provides funds from the U. S. Department of Labor to nine prime sponsor agencies in Massachusetts.
- The eight city-related prime sponsors are: Boston, Brockton, Cambridge, Fall River, Lowell, New Bedford, Springfield and Worcester.
- The ninth prime sponsor is called "Balance of State," under which seventeen consortia of sub-grantees have been established to serve the remaining communities of the state.
- All the CETA programs in Massachusetts are overseen by the State Manpower Service Council under the administrative supervision of the Department of Manpower Development of the Executive Office of Economic Affairs.
- Three titles of the Act are especially pertinent to communities or community-based service groups which are considering local development projects:
  - Title I: Comprehensive Manpower Services. Funds are available under this Title for individual job positions in a broad spectrum of work experiences within the public or nonprofit sectors.
  - Title II: Public Service Employment. Monies for this Title become available to areas whose unemployment is substantial (6.5% or more) for three consecutive months. The purpose of this Title is defined to be the provision of "unemployed and underemployed persons with employment in jobs providing needed public services in regions of substantial unemployment."
  - Title VI: Public Service Employment. As refined under amended legislation in October of 1976, this Title now provides for a project approach to public service employment. The emphasis is upon projects which otherwise would not be accomplished with public funds and which direct as much money as possible to assist the long-term unemployed and welfare recipients. A certain percentage of the total project cost can also be directed toward related expenses.

- Another section of the Act, Title III, has been funded recently in three categories of Youth Demonstration Programs; Youth Incentive Entitlement Pilot Projects, Youth Community Conservation and Improvement Projects, and Youth Employment and Training Programs.
- The use of any of these Titles, or combinations of them, can provide critical basic staffing for a downtown, neighborhood, or industrial revitalization project.
- The place to begin is the investigation of funding availability and funding schedules with the local consortia or prime sponsor.

### Reorganizing Local Administrative Structures

- certain communities within Massachusetts have moved to reorganize their local administrative governmental structures in order to function more efficiently and to be more responsive to innovative programs
- to use the City of Newton as an example, the governmental structure there operates for the purposes of community planning and revitalization as follows:
  - the Director of the Department of Planning and Development serves as the sole member of the Newton Community Development Authority. This structure necessitated a special act of the legislature
  - the CD Authority functions in the usual sense of a 121B agency, but in addition it assumes the role of constructing public housing. The housing, once produced, is turned over to the Housing Authority for operations purposes
  - the Planning Director/CD Authority Member also has been assigned by the Mayor the task of administering the Community Development programs
  - the Planning Department, the CD Authority, and the Community Development programs all function with citizen advisory groups to eliminate the potential effect of an autocracy
- the advantages of this approach, and a similar one now in place in Medford, are the efficiency with which a single operating unit wearing a variety of hats is able to administer numerous programs and the flexibility inherent in providing varied legal frameworks to respond to limitations of other in-place administrative structures

Included below are brief statements concerning other significant programs which could prove critical to any community revitalization project.

State-Aided Urban Renewal

- on March 31, 1978 a Request for Proposals was issued by the Executive Office of Communities and Development soliciting applications for financial assistance for Ch. 121B Urban Renewal projects
- project proposals must be returned by July 31st, and decisions concerning funding are expected to be made by September 1st
- funding available under this Request is approximately \$1½ million
- objectives of the Urban Renewal Implementation Program are as follows:
  - the elimination of decadent, substandard, or blighted open areas which are dangerous to the inhabitants of the Commonwealth
  - the redevelopment of land in accordance with a comprehensive plan to promote the sound growth of the community
  - the prevention of the spread of blight or its recurrence in an area
- also noted in the Request as being important objectives of the Program are the "achievement of socio-economic development... such as the provision of jobs for the unemployed, the addition of tax revenue to overburdened communities, or the construction of low and moderate housing and space for expansion of local firms"
- other program requirements and priority considerations are noted in the Request package which is available from the Secretary's office



### Community Development Block Grant/Small Cities Programs

- little needs to be said here about the details of these programs or their effectiveness in providing basic, broad financial support for community revitalization strategies
- local municipal governments and community service agencies can look to these funds as sources of support for a full range of project components, from preliminary planning and design to construction or procurement of eligible development activities and materials
- the state and federal governments are moving to increase their technical assistance to recipient communities to help in the proper administration of these funds

### UDAG (Urban Development Action Grant)

- a significant new program from the U.S. Department of Housing and Urban Development to provide the injection of funds necessary to bring about the feasibility of a beneficial community development project
- \$400 million dollars are authorized annually to fund this program nationally - \$300 million is reserved for cities over 50,000 which meet the eligibility criteria, and \$100 million is retained for eligible communities under 50,000
- proposals are accepted on a quarterly basis, and are reviewed within that quarter by the UDAG Task Force in Washington
- two cities in Massachusetts were recipients of grants in the first round of funding. Boston was awarded over \$10 million for a downtown and an area development project, and Springfield received an award of \$1.1 million for an in-city industrial expansion project

### Neighborhoods and State Incentive Programs

- although yet to be authorized as part of the National Urban Policy program, these financial assistance programs should prove to be of further help to community groups and communities moving in concert with the state to implement the Massachusetts state growth policy

## Overview

The subject of building re-use has moved far beyond the questions of "is it the best thing to do", and "does it really work." Re-use no longer needs to be justified in terms of economic feasibility or architectural quality, nor is it necessary to emphasize again and again the benefits to be gained by this labor-intensive approach. Instead, the adaptive re-use of all types of structures has progressed to the very real investigation of public financial incentives and the study of standards which must be met for purposes of public safety and access.

Presented within this section are descriptions of the several programs or approaches to be considered as a re-use project is being developed. The purpose here is to describe the components which can be combined to provide a comprehensive rehabilitation effort at the local level.

Listed below are persons who can be contacted to give further information and advice about these programs.

## People to Contact

### State Representatives

Massachusetts Historical Commission  
Patricia Weslowski, Executive Director  
294 Washington St., Boston, MA 02108  
(617) 727-8470

Department of Community Affairs  
Gene Bunnell, Project Director  
One Ashburton Place, Room 1619  
Boston, MA 02108  
(617) 727-3197

State Building Code Commission  
Francis Gens, Chairman  
One Ashburton Place, Room 1305  
Boston, MA 02108  
(617) 727-6196

State Architectural Barriers Board  
Richard Mackey, Administrative Secretary  
One Ashburton Place, Room 1319  
Boston, MA 02108  
(617) 727-6257

### Regarding

National Registration  
National Park Service  
Tax Reform Act Criteria  
Anti-Demolition Controls

Re-use Possibilities

Massachusetts State  
Building Code

Architectural Barriers  
Criteria

### Massachusetts State Building Code

- first effective in January of 1975, these regulations apply to virtually every rehabilitation project
- they become particularly relevant when the use or occupancy of a structure is proposed to be altered through rehabilitation
- principal cut-off points are as follows:
  - if the cost of the rehabilitation work is less than 25% of the structure value, then the Code applies only to the work being undertaken
  - if the cost of the work is 25% to 50% of the structure value, then the extent to which the Code shall apply within the building is determined by the local Building Inspector
  - if the cost of the work is more than 50% of the value of the structure, then the entire structure must comply with all pertinent elements of the Code
- value is defined as either: the assessed value of the structure - or - the actual physical replacement value of the structure
- an amendment to the Code became effective in January, 1978, to exempt "historic structures" from total compliance even in cases when the cost of the rehab work exceeds 50% of value
- further amendments are under consideration to refine the Code to provide properly for human safety within older buildings without destroying the historic fabric of the buildings

### Architectural Barriers Board

- state board created to assure access to buildings by the physically handicapped. Most rehab projects will be affected by the Board's requirements
- regulations first issued May 29, 1975
- principal cut-off points are as follows:
  - if the cost of the rehabilitation work is less than 5% of the 100% equalized assessment value, the regulations do not apply
  - if the cost represents between 5 and 25% and is less than \$50,000, then the regulations apply only to the work being undertaken
  - if the cost represents between 5 and 25% and is more than \$50,000, then the regulations apply to the work being undertaken and require also that an entrance and a toilet be accessible to a person in a wheelchair
  - if the cost of the work is greater than 25%, then the entire building must comply with the regulations
- the areas of application include stairways, elevator access to upper or lower floors, parking spaces, curb cuts, doors, floors, public telephones and public drinking fountains
- the regulations do permit an appeals procedure when the proposed work would adversely affect an historic property

### National Register of Historic Places

- national listing of sites, building, structures, districts and objects considered to be of significance to the local community, the region or the nation
- nomination process administered in Massachusetts by the Massachusetts Historical Commission
- Commission relies upon surveys and inventory of historic resources carried out by local or regional groups
- listing process takes 3 months or more once the nomination is made by the Commission. More speedy proceedings can be requested for threatened buildings.
- listing requires proper notification of the property owner
- listing provides protection from adverse effects produced from federally or federally-supported projects. Otherwise, no controls are inherent
- listing provides availability to the National Park Service Grant-in-Aid program and benefits of the U. S. Tax Reform Act of 1976

### National Park Service Grants

- 50% reimbursement grants available to owners of property listed in the National Register of Historic Places or to groups undertaking studies
- funded by the National Park Service arm now included in the Bureau of Heritage Conservation and Recreation Services (HCRS) of the Department of the Interior
- administered in Massachusetts by the Massachusetts Historical Commission
- funding provided for the following types of projects:
  - survey and inventory of historic resources
  - planning of restoration strategies, including feasibility studies
  - acquisition of historic resources
  - development of resources through an approved restoration program

- annual funding rounds for acquisition and development projects begin in May with circulation by the Massachusetts Historical Commission of Requests for Proposals. Award letters are sent out during the following winter
- funding for survey and planning projects evaluated throughout the year in response to program proposals submitted to the Commission
- total acquisition and development grants approved in FY78 amounted to nearly \$900,000. Funding expected to increase in FY79

#### Tax Reform Act of 1976

- federal act providing income tax incentives for proper rehabilitation of historic structures, and disincentives for improper treatment of same
- general provisions are as follows:
  - costs of appropriate rehabilitation of historic structures held as income-producing property can be written off over 5 years
  - an alternative approach involves adding the cost of appropriate rehab of income-producing historic properties to the deductible cost basis which then can be depreciated in the usual ways
  - demolition costs of an historic structure must be added to the non-depreciable land base of a project
  - costs of reconstruction on the site where an historic structure was demolished cannot be depreciated at an accelerated rate
- criteria of what constitutes an historic structure and appropriate rehab are established by the Bureau of Heritage Conservation and Recreation Services of the Department of the Interior, and administered within Massachusetts by the Massachusetts Historical Commission
- tax aspects of the Act are administered by the Internal Revenue Service

### Anti-Demolition Controls

- other than the Tax Reform Act, other local initiatives to prevent or discourage demolition are possible
- local ordinances or bylaws can be created to provide special review of permits for demolition. Local historical commissions usually are asked to comment in some way upon the historic value of the structure if it is not on the National Register individually
- a precedent exists in the New Bedford ordinance which requires the Building Inspector to notify the Historical Commission when a request for a demolition permit is filed with him. The Commission, in turn, must report to the City Council on the significance of the building, and the Council itself has to vote to grant the permit

### Re-Use Possibilities

- on a more positive tack, building owners can get help in considering appropriate re-uses for buildings.
- within the Department of Community Affairs, a team of specialists work regularly with community officials and private owners in providing advice on re-use
- a semi-public body, ACT for Massachusetts, Inc., is partially funded through the Massachusetts Historical Commission to investigate the feasibility of proposed building re-use in specific cases

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## Marine Industrial Development / Cargo and Shipping

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More than half of the country's population lives within 500 miles of Massachusetts' borders and the Commonwealth has the closest major city to Europe in Boston. To take advantage of its geographical position, the state has to place port development high on its agenda of economic priorities. We have already seen a re-birth of the maritime industry in Massachusetts, with shipbuilding and the fishing industry, and we expect to see a continuation of this rejuvenation with other types of marine industry. Those reliant upon maritime shipping to transport material or processed goods favor port locations to minimize shipping costs. These industries include frozen and fresh fish processing and distribution, cargo (both general and containerized), sugar and other raw products requiring refining and processing, such as gypsum.

Some maritime industry such as tugboat servicing, shipbuilding, and boat yards provide needed services for the fishing and shipping communities and must also be accommodated.

Currently there are over 50 thousand individuals employed in maritime related industries and this figure is expected to grow. Containerized shipping, ferry services and marine industry, in particular, exhibit a real potential for expansion and a growing need for harborfront space. In addition, non-containerized cargo and dry bulk cargo may, to some extent, increase as well.

The City of Lynn is planning for the construction of a marine industrial park and some consideration is now being given to the location of a containerport there. New Bedford recently was designated as a foreign trade zone and is now seeking waterfront land to take advantage of this situation. The city is in the process of upgrading its fishing resources under a \$1.25 million EDA grant for pier improvements. In addition, the state is prepared to spend approximately \$2 million to upgrade the state pier facilities through construction of a new cargo shed designed to handle increased cargo and trade.

Fall River, as well, is seeking to expand its marine industrial base and is proposing rehabilitation of the state pier; a dredging improvement project to provide better water access is part of the proposal.

The above examples are only a few of the many that demonstrate a renewed interest in Massachusetts' port potential. It comes at a critical time. For currently, the ports play a major and growing role in the state's economy. We must strive to both retain our current port-related jobs as well as expand that base through the promotion of increased trade and port development.



## Overview

Two factors face any business which is seeking to locate or expand within an urban area: first is the availability of capital and second is its cost. In Massachusetts there have been mechanisms put in place to assist urban-oriented industries in finding improved access to capital sources or in finding that capital at a borrowing rate which permits project feasibility.

These programs, in concert with those of the Small Business Administration and the Economic Development Administration of the federal government, increase the capacity of an urban community to compete for industrial growth. Proposals are now being considered to expand this competitive capability of downtowns as locations for major commercial development.

This section presents information regarding the state and federal capacity building programs. They should be viewed in conjunction with those outlined in the State Incentives chapter as a unified attempt by Massachusetts government to help in the rebuilding of city and town centers.

## People to Contact

### State Representatives

### Regarding

Mass. Industrial Mortgage Insurance Agency MIMIA  
Thomas D'Avanzo, Executive Director  
131 State Street, Boston, MA 02114  
(617) 723-4242

Division of Community Services EDIC  
John Sawyer, Administrator IDFA  
One Ashburton Place, Room 1619  
Boston, MA 02108  
(617) 727-7001

Mass. Capital Resource Company CRC  
Daniel Holland, President  
11 Beacon Street, Boston, MA 02108  
(617) 367-3960

Mass. Employer Training Assistance META  
Department of Manpower Development  
Richard Hawkins, Director  
Charles F. Hurley Bldg., Boston, MA 02114  
(617) 727-5370

Federal Representatives

Regarding

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Economic Development Administration  
William Fitzhenry, Representative  
441 Stuart Street, Boston, MA 02116  
(617) 232-6468

EDA

Small Business Administration  
Altert Pendergast, District Director  
150 Causeway Street, Boston, MA 02114  
(617) 223-5525

SBA

### Industrial Development Finance Authority (IDFA)

An IDFA has the authority to issue tax-exempt revenue bonds for the acquisition of sites and the construction of facilities for industrial and downtown commercial occupants. Industrial occupants are defined as manufacturing, research and development, and public utilities in the case of pollution control facilities. Downtown commercial can include such diverse activities as retailing, restaurants, or hotels.

An IDFA may be formed in any municipality by vote of city council or town meeting.

The financial condition or credit rating of the firm determines the marketability of the bond issue.

Tax exempt industrial revenue bonds financing is subject to three restrictions under the Internal Revenue Service Code:

1. Revenue bonds issued to finance new businesses or the expansion of facilities are limited to \$5 million. A company may not exceed \$5 million, including revenue bonds, in total capital expenditures (depreciable assets) within the municipality in which the project is located for a six-year period beginning three years before the date the bonds are issued and ending three years after the date of the issue.
2. Bonds may also be issued under the \$1 million provision, which allows a firm to issue up to \$1 million in revenue bonds with no limitation on capital expenditures.
3. There is no limit on the size of a bond issue when used for the financing of pollution abatement facilities.

### Massachusetts Industrial Finance Authority (MIFA)

The Massachusetts Industrial Finance Authority was recently authorized by state enabling legislation to serve as the umbrella agency for the Massachusetts Industrial Mortgage Insurance Agency (see below) and the State Industrial Finance Board (which reviews the conditions under which tax-exempt bonds are permitted to be issued). In addition, this Authority makes these tax-exempt bonds available in every community, even those which do not have a local IDFA. More is said about this new body in the later section summarizing the 1978 legislation.

### Massachusetts Industrial Mortgage Insurance Agency (MIMIA)

MIMIA insures up to the top 40 percent (up to \$400,000) of loans made by banks or other institutions; an insurance premium is charged for this service.

Loans insured by MIMIA must be secured by a first mortgage on real or personal property.

Profit and non-profit businesses engaged in industrial, recreational, or research and development activities have typically been eligible for this insurance. With the new commercial incentive legislation now in place, businesses which seek to rehabilitate existing buildings for commercial purposes also now may make use of this financial incentive.

The industrial project for which the loan is sought must create primary employment (defined as full-time permanent jobs whose entry level hourly wage is at least 150 percent of the nonmanufacturing minimum wage as defined in MGLA, c. 149).

Further, for the plant, the principal amount of the loan is limited to 90 percent of the cost of the plant, and the term may be no more than 30 years.

For equipment and machinery, the principal amount of the loan is limited to 80 percent of cost, and the term may be no more than 15 years.

Activities for which MIMIA insurance is eligible are: acquisition, construction, or alteration of "industrial development facilities," e.g., buildings, docks, wharves, land, machinery, equipment, roadways, office, etc., and now for commercial activities in rehabilitated buildings. More is said about this new aspect of the legislation in a later summary of the commercial incentive bills.

### Economic Development and Industrial Corporations (EDIC)

An EDIC has the power to:

- issue tax-exempt revenue bonds to finance the acquisition of land and/or the construction or rehabilitation of industrial or manufacturing facilities.
- issue bonds in anticipation of revenue; therefore, unlike an IDFA, an EDIC can prepare sites or facilities before recruiting specific industrial clients.

■take land by eminent domain

Projects for which EDIC bonds are issued must be located within an "economic development area" (a blighted or open area defined in section one of Chapter 121B of the Massachusetts General Laws) which is zoned for general or restricted manufacturing uses, and must be undertaken in accordance with an economic development plan adopted by the locality.

An EDIC may be formed in any locality of the Commonwealth which is designated by the Department of Labor as being within an area of "substantial unemployment."

If a municipality is not within an area of "substantial unemployment," the Secretary of Communities and Development may certify the municipality as eligible if it is determined that the municipality would by itself meet the criterion of "substantial unemployment."

In order for a town to be eligible to form an EDIC, it must, in addition to the requirements above, be certified by the Secretary of Communities and Development as satisfying certain requirements.

The Internal Revenue Service Code restriction on tax-exempt revenue bonds as described in the section on IDFA's also apply to EDIC's.

Massachusetts Capital Resource Company

- the Massachusetts Capital Resource Company is a newly-formed investment pool that will provide unsecured loans to small and medium-sized businesses in Massachusetts
- this lending entity was recently formed by the state's domestic life insurance companies. Up to \$100 million of capital will be available for loans, with \$20 million being provided each year for a period of five years
- thus far, \$20 million has been contributed to the fund by the state's domestic life insurance companies
- explicit investment guidelines are in the process of being developed

## Small Business Administration

### Section 7A: Loan Guarantee and Loan Program

- an eligible business can receive an SBA guarantee of up to 90 percent (\$500,000 maximum) of a loan made by a private lender. Under some circumstances, a direct loan of up to \$150,000 can be arranged
- maximum length of loan is six years for working capital, ten years for equipment, and 20 years for new construction
- interest rate is 6 5/8 percent for direct loans from SBA; maximum allowable interest rate on privately-secured loans is set quarterly
- normally, one-third of total cost is required as equity by the business (especially in the case of a new business)
- eligible businesses are independently owned and operated, not dominant in their field of business, and fall within SBA size guidelines (which vary according to type of business activity)

### Section 502 and the Urban Neighborhood Revitalization Program

- an eligible business can receive a loan of up to 100 percent of its financing needs, for up to 25 years, from a Local Development Company (LDC) which is funded by an SBA loan or loan guarantee
- the LDC can be incorporated as a non-profit or a for-profit corporation organized for promoting economic development in specific loan areas
- seventy-five percent of the corporation's voting power (minimum 25 shareholders) must be controlled by persons residing or doing business in the target area
- the LDC may finance its 10 to 20 percent equity share out of stock sale proceeds, donations, subordinated loans, or state or federal grants. No more than 25 percent of the LDC's share for a particular project may be donated by the business to be assisted
- SBA participation is limited to \$500,000 for each small business to be assisted

- under the Urban Neighborhood Revitalization program, an LDC formed in a commercial area of an older urban neighborhood can operate under slightly relaxed regulations. Control of the LDC by persons having pecuniary interest in the business(es) to be assisted may be as high as 75 percent (compared to 25 percent normally). The LDC's equity share may be as low as 10 percent of the total assistance to small businesses.

## Economic Development Administration (EDA)

The following EDA programs provide assistance to communities and businesses. The authority for these programs derives from The Public Works and Economic Development Act of 1965.

### Title I: Public Works and Development Facilities Program

- this program provides grants of from 50 - 100 percent of project cost depending on location (60 - 70 percent in poverty areas, 80 percent in disaster areas, 100 percent in municipalities which have demonstrably exhausted their taxing and borrowing capacity); and loans of up to 100 percent of project cost
- states, municipalities, special authorities, and public or private non-profit organizations representing EDA-designated "redevelopment areas" are eligible for assistance; projects must be located within either redevelopment areas or centers in "economic development districts"
- eligible activities are acquisition, development, or expansion of public works facilities including water and sewer systems, site improvements for industrial parks, factories and port facilities; such facilities must further the establishment or expansion of industrial or commercial enterprises or otherwise create long-term employment opportunities
- loans, where used, are for 100 percent of project cost, up to 40 years, at a low interest rate one half above the current U.S. Treasury borrowing rate
- areas wishing to qualify as redevelopment areas must meet statistical criteria regarding unemployment and related factors, and must prepare and have approved by EDA an Overall Economic Development Program (OEDP)
- as a matter of EDA policy, funds cannot be used for acquisition of land, but can be used for facilities located on land owned by public or non-profit entities; projects must conform with the applicable OEDP



## Title II: Business Development Loans

- this program provides direct loans of up to 65 percent of the project cost; remaining funds must be provided by: 15 percent equity investment (or subordinated loan to) the applicant; 5 percent from state or local government or non-profit organization; 15 percent from other non-federal sources; EDA may guarantee up to 90 percent of the unpaid balance of loans and up to 90 percent of rental payments on guaranteed leases
- eligible applicants are any public or private entity, including non-profit corporations, for-profit corporations, sole proprietorships, and partnerships; (hence, unlike other EDA programs, Title II potentially includes cooperatives); projects must be located in EDA-designated redevelopment areas or certain sections of economic development districts
- activities eligible for funding are acquisition of fixed assets, including land, building, equipment, machinery, land preparation, and building rehabilitation, for industrial or commercial enterprises; working capital loans for industrial or commercial enterprises
- some of the terms and conditions of the loans are the following:
  - maximum fixed asset loan term is 25 years or the weighted average of the useful life of the assets financed, whichever is less
  - maximum working capital loan term is five years
  - interest on direct loans is at a rate set by the Secretary of the Treasury based upon current U.S. borrowing rates, plus an additional charge for working capital loans reflecting their higher risk
  - interest on guaranteed loans is at the prevailing bank interest rate
  - as indicated above, a 15 percent equity contribution on the part of the applicant is required
  - lines on fixed assets and/or receivables and inventory are required as collateral, but EDA will take a subordinated position as necessary to encourage participation by lending institutions in fixed asset loans
  - personal guarantees are frequently required
  - all loans must be consistent with the applicable area OEDP and must be approved by a state or local economic development agency (in Massachusetts, this function is

normally performed by the Office of State Planning as the comprehensive economic development planning agency funded under Section 302 of the Act)

Title IX: Direct Special Assistance Grants to Govern-  
mental Entities

- the Title IX program is considered one of the most flexible of EDA programs thereby lending itself to innovative and creative use
- areas that qualify for Title IX assistance must experience or anticipate experiencing: severe unemployment arising from economic dislocation, severe changes in economic conditions, or long-term economic deterioration
- initially the grant must be given to either a redevelopment area or economic development district established under Title IV of the EDA Act; an Indian Tribe; the Governor of a State, or a State Agency designated by him; a city or other political subdivision of a State, or a consortium of such political subdivisions; however, such a recipient can redistribute the grants it receives to public and private entities in the form of grants, loans, loan guarantees, etc., but funds cannot be granted to a private profit-making entity
- grants under Title IX may be used for the acquisition or development of land and improvements for public works or public development facilities; the construction, rehabilitation, alteration, expansion, or improvement of these facilities are all eligible activities
- grants may also be used for the purchase, development, and operation of land and facilities (including machinery and equipment) for industrial or commercial use, including the construction of new buildings, the rehabilitation of abandoned or unoccupied buildings, and the alteration, conversion, or enlargement of existing buildings
- in addition, grants may be used for public services, rent supplements, mortgage payment assistance, relocation of individuals, training, technical assistance, and for other appropriate purposes if reasonably related to the purposes of Title IX
- an eligible recipient may redistribute grants in the form of direct grants, loans, loan guarantees (which can include loans or loan guarantees for working capital and guarantees or rental payments of leases for buildings or equipment) to qualified entities
- some of the terms and conditions are that:

- a 25 percent matching share, cash or in-kind, is required
- the eligible recipient must have a plan or planning application that has been approved by EDA and submitted to A-95 for review
- any money loaned by the recipient must be repaid and re-used for economic adjustment

## Overview

The State of Massachusetts recognizes that its policy of encouraging commercial and industrial development in urban areas can only be realized if it provides concrete incentives to which the private sector can respond. To that end, there are several incentive programs that reduce the cost of doing business in urban areas specifically and in the state as a whole. Used in concert, both the urban and state-wide incentives provide substantial benefits to businesses that locate in cities. This section presents an introduction to the broad range of incentives offered by the state, with the intent that these incentives will stimulate an awareness of the increased opportunities of doing business in urban areas.

## People to Contact

### State Representatives

Department of Commerce and Development  
Fred H. Kameny, Director of Urban Job  
Incentive Program  
100 Cambridge Street, Boston, MA 02202  
(617) 727-3972

Department of Community Affairs  
Division of Community Affairs  
John Sawyer, Administrator  
One Ashburton Place, Boston, MA 02108  
(617) 727-7007

Department of Commerce and Development  
John Crosier, Commissioner  
100 Cambridge Street, Boston, MA 02202  
(617) 727-3218

Department of Manpower Development  
Dick Hawkins, Director of META  
Charles F. Hurley Bldg., Boston, MA  
(617) 727-5370

### Regarding

Urban Job Incentive  
Program

Chapter 121A

Three Percent Tax Credit  
\$500 Job Credit  
Payroll Factor Incentives

Mass. Employer Training  
Assistance Program

### Urban Job Incentive

- Corporations engaged in manufacturing, research and development, or warehousing that locate or expand in eligible areas may receive two types of incentives (each one for up to ten years):
  - Property Tax Credit. An eligible corporate facility receives a state tax credit against its corporate excise liability that reduces its property tax liability to the statewide average level. The amount of the credit is determined by multiplying the assessed valuation of the property by the difference between the local equalized tax rate and the statewide equalized tax rate. The locality foregoes no revenues through this program; the credit is entirely paid for by the state.
  - Payroll Deduction. The corporation receives a deduction from its corporate excise tax equal to 25 percent of the eligible facility's compensation paid to employees living in eligible areas within the Commonwealth. (A corporation must choose between the payroll deduction and the \$500 Employment Opportunity Incentive.)
- To be eligible for the Urban Job Incentive, the facility for which the corporation receives the credit
  - must be located in or adjacent to an area of substantial poverty
  - must serve an area larger than the eligible section of substantial poverty
  - may be either a new place of business or a substantial addition to existing physical facilities
  - must hire at least 20 percent and no fewer than five employees from the area in which the facility is located
  - must provide an approved training program certified by the Urban Job Incentive Bureau

## Chapter 121A

- A single purpose urban redevelopment corporation may contract with a municipality to make payments in lieu of taxes on an eligible real estate project. These payments are customarily set at a certain percentage of the project's gross income and provide for predictable payment levels that are typically below what the project would pay without the contract.
- The contract is established for a period of 15 years, and may be extended for up to an additional 25 years contingent upon the project's provision of certain public amenities.
- The project must be in an eligible area defined by statute as blighted, decadent, or substandard. A project is eligible if it is newly constructed, renovated, or rehabilitated. Residential, commercial, industrial, institutional, recreational, or governmental buildings and incidental facilities qualify.
- Contracts must be approved by the local planning board and legislative body, after a public hearing, and (except projects within the City of Boston) by the Massachusetts Department of Community Affairs.
- Mortgage financing by the corporation is limited to 90 percent of project cost. Stockholders' dividends are limited to 8 percent per year.

## Massachusetts Employer Training Assistance

- A firm expanding its Massachusetts' employment may receive state assisted, customized labor training by contacting the state Department of Manpower Development.
- To be eligible, a firm must fill ten or more skilled positions within six months, at \$4 per hour or higher.
- The state offers intensive recruiting of currently unemployed citizens, supervisory training and assistance, and contract with secondary-school, post-secondary-school, and CETA-prime-sponsor, on-the-job training programs.
- The META program may qualify as an approvable training program for purposes of the Urban Job Incentive.

### Payroll Factor Incentives

- The Massachusetts corporate excise tax is computed on two bases: net income and net worth (or tangible property). For multi-state corporations, a portion of net income is allocated to Massachusetts' operations according to a formula that adds in-state sales, payroll, and property with each component assigned a relative weight.
- Payroll Factor Incentives refer to the formula used for net income allocation.
- Growth Incentive. The total payroll counted for tax purposes is limited to either the 1972 in-state payroll level plus five percent annual growth, or 75 percent of current in-state payroll, whichever is greater.
- Thus, up to 25 percent of the corporation's payroll is not entered into the net income computation. This reduces the state tax liability as much as 10 percent.
- Location Incentive. The weight of the sales factor in the net income computation has doubled between taxable year 1975 and taxable year 1977.
- Consequently, the relative weight of in-state property holdings has been lowered. A corporation will receive an automatic Massachusetts' tax reduction when expanding plant or property in Massachusetts, whether the firm is headquartered in-state or not.
- State tax liability may thus be reduced by 30 percent or more.

### 3% Investment Tax Credit

- Manufacturing and research and development corporations receive a tax credit against their corporate excise liability for three percent of the value of real and tangible personal property acquired during the year.
- Plant, machinery, and equipment (new or used) are eligible if the expected useful life is at least four years.
- Property that the corporation leases (as a lessor) is not eligible.
- the credit may be carried forward for up to three years.

### Employment Opportunity Incentive

- Manufacturing and research and development corporations can, subject to certain limitations, receive a \$500 state tax credit for each new job created in Massachusetts.
- The credit applies to taxable years 1973 through 1977. Extension of the credit is currently before the state Legislature.
- Conditions for an existing firm. For each credit claimed, the corporation must show that an employee from the eligible pool (see below) was hired during the taxable year or was retained from years prior to 1973.
- The corporation must have maintained an average three percent annual employment growth rate since 1972.
- The maximum number of credits claimed for each of the five successive tax years equals the number of full-time employees exceeding the 1972 full-time employees times 1.03, 1.06, 1.09, 1.12, 1.15. For example, a firm employing 100 full-time employees in its 1972 taxable year receives a \$500 credit for each employee hired from the eligible pool, who brings the firm's total employment over 103 in 1973, over 106 in 1974, over 109 in 1975, etc.
- Conditions for a new firm. The eligible pool restriction applies to new firms as well as to existing firms.
- The maximum number of credits claimed by a new firm for each successive year of its first five years (during the 1973-1977 taxable period) equals the current full-time employees minus 0, 20, 40, 60, and 80 percent (successively) of its first-year full-time employees. For example, a firm begun in 1974 with ten employees, five of whom were hired from the eligible pool, can receive a 1974 credit for each of the five employees. If the firm has grown to 20 employees in its 1975 taxable year, with five of the new employees hired from the eligible pool, the five new employees plus 80 percent of the previously-eligible employees are counted for the credit: a total of five plus four, or \$4500.
- Eligible pool. Employees hired directly from unemployment compensation, approved public or private rehabilitation programs, public assistance programs, or who participated in company or other training programs (approved by Secretaries of Manpower Affairs or Communities and Development).



### Overview

Particularly significant to most plans which deal with the improvement of an urban area is the upgrading of the transportation network. In some cases improvement may mean the alteration of the existing roadway system to help streets already in place to function more efficiently. Sometimes needed is the provision for adequate off-street parking. In certain cities the expansion of the public transportation system is required, or the provision for central facilities to accommodate this system is a key to an urban center project.

The funding programs available to solve these problems are primarily those which emanate from Washington and are administered in Massachusetts through the Executive Office of Transportation and Construction. These programs have taken on new meaning within the last few years as the conception of transportation has broadened to provide for its acceptance as a positive tool for community revitalization. The evidence of this altered approach is apparent in programs which emphasize joint development activities around commuter rail stations, or which include provisions for adjacent sidewalk amenities in street upgrading projects.

Described in this section are those programs which permit transportation systems to help in a strategy to focus on downtowns. Those listed below may be contacted for more detailed information in these subject areas.

### People to Contact

#### State Representatives

Mass. Department of Public Works  
Ellen DiGeronimo, Assistant Commissioner  
Rm. 4800, 100 Nashua Street, Boston, MA 02114  
(617) 727-3972

Ex. Of. of Transportation and Construction  
Byron Gilchrist, Deputy Secretary  
Rm. 1610, One Ashburton Pl., Boston, MA 02108  
(617) 727-6457

Ex. Of. of Transportation and Construction  
Karla Karish, Assistant Secretary  
Rm. 1610, One Ashburton Pl., Boston, MA 02108  
(617) 727-8954

#### Regarding

Improvements  
to City Roads

Off-Street  
Parking

Urban Mass  
Transit

### Urban Systems

- this program provides funding for improvements to an existing urban roadway system
- it is administered in Massachusetts by the Department of Public Works within the Executive Office of Transportation and Construction
- the program provides for 70% federal funding; the remaining 30% is paid with state funds
- certain categories of improvements - reconstruction, removal of on-street parking, realignment, etc. - are typical of the application of the program guidelines. Also funded under the program, however, can be sidewalk improvements, streetlight upgrading, and tree planting along improved roadways
- an eligible activity is the funding by the state of professional services for the preparation of designs. Nevertheless, if a community wishes to move its project quickly, an alternate approach involves local funding of engineering services to produce designs which can be approved at the state level for construction financing
- Ch. 90 county/local monies can be used to up-front the cost of engineering services

### Urban Mass Transit (UMTA) Funding

Outside of the MBTA service area:

- two types of funding are available for urban mass transit through the eligible applicant, the regional transit authority
  - operating monies for the authority, with 50% coming from the federal government, 25% from the state government, and 25% to be contributed by the service communities
  - capital improvement monies for equipment and facilities to serve mass transit users, with 80% funding from the federal government, 10% from the state, and the remaining 10% to be assessed to local service communities

■the provision of public transportation has grown to be a significant enough issues over the last few years that five major and six lesser sized regional transit authorities - in addition to the MBTA - have been authorized under state law. The larger authorities are:

- Pioneer Valley Transit Authority
- Worcester Regional Transit Authority
- Southeastern Regional Transit Authority
- Brockton Area Transit Authority
- Lowell Regional Transit Authority

The smaller authorities are:

- Berkshire Regional Transit Authority
- Greenfield Montague Transit Authority
- Merrimack Valley Transit Authority
- Cape Ann Transit Authority
- Greater Attleboro Taunton Regional Transit Authority
- Cape Cod Regional Transit Authority

■the capital improvement monies are becoming significant to downtown projects which wish to incorporate a variety of services in their programming and leverage all sources of public funds to the greatest extent feasible (see discussion below about off-street parking)

Inside the MBTA service area:

■the programs remain essentially the same except that the Authority is permitted to bond for the 10% "local" component

#### Commuter Rail

■the MBTA now owns virtually all the passenger rail lines and equipment previously held by the B & M system and Con Rail

■within the MBTA service area, rail service functions similarly to other MBTA travel modes

■outside the MBTA service area, each community wishing to provide commuter rail service contracts annually with the T and agrees to fund the difference between the total assessed operating deficit and that paid by the state. At the moment the ratio stands at 75% state, 25% local

### Funding Off-Street Parking Facilities

- under both Urban Systems and UMTA programs, it is possible to obtain funding for off-street parking facilities
  - Urban Systems monies can be used to pay for the replacement of spaces lost through the removal of on-street parking in an Urban Systems improvement project, or through some other federally-funded street improvement program
  - UMTA funds are available to fund the provision of fringe off-street parking which will serve riders of inter-city transit or transit authority vehicles
- rarely do either of these two approaches or their uses in combination provide the number of spaces in an off-street facility found to be needed to serve a downtown revitalization project. Nevertheless, proportional funding by both programs can prove helpful
- the way to begin is for the city and the pertinent authority to join forces and provide valid information regarding both spaces lost, in one case, and spaces expected to be required in the other, in a co-ordinated request for assistance to the Executive Office of Transportation and Construction

### Development Around Transit-Centers and Multi-Modal Centers

- both of these concepts are being considered more and more often within downtown revitalization programs
- to an extent, both concepts can be funded now under existing UMTA regulations
- under the proposals of the National Urban Policy, considerably more funding would be made available for assisting in the development of improvement activities around designated transit centers

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## Fishing

For more than 350 years, the Massachusetts fishing industry has been a major supplier of the nation's protein. Across the United States, this state is known for its sea scallops, cod, haddock, and yellowtail flounder -- most of which are shipped fresh, making Massachusetts a primary supplier of the nation's fresh fish products.

In 1977, Massachusetts was ranked fifth in the nation in both volume of fish landed and value of the catch. The industry is supported by at least 800 vessels fishing from numerous ports and harbors along the coast. The major ports are Gloucester, New Bedford, and Boston; the primary harbors: Sandwich, Provincetown and Chatham. There are at least 3500 commercial fishermen in the state, supplying fish and shellfish to 57 Massachusetts processing and wholesaling plants which employ approximately 4500 people during the year.

The fishing industry has a significant impact upon the Massachusetts economy. Support industries include fuel services, gear supply, food, ice, marine railways, marine engine and equipment repair, electronics supply and repair and lumber yards. Most all of the Massachusetts catch is transported to market via truck; some fish is air freighted to distant markets. Taking all into account, the fishing industry's yearly contribution to our economy may be estimated at some \$515 million.

Opportunities for the industry to enlarge and diversify have been enhanced by the passage, in 1976, of the Fishery Conservation and Management Act, extending federal fisheries jurisdiction out from 3 to 200 nautical miles. The Act established eight regional councils responsible for developing management plans for the harvesting of various fish species under their individual jurisdictions. The New England Regional Fishery Management Council is responsible for the waters off New England, which include the Gulf of Maine and Georges Bank. To date, the Council has implemented a fishery management plan for the Atlantic groundfish: cod, haddock, and yellowtail flounder, and is presently working on plans for Atlantic sea herring, sea scallops, pollock and the hakes.

With the growth in the domestic fleet, and after many years of heavy fishing by foreign vessels, some of the traditional species of fish (such as the Atlantic groundfish) are presently at levels which cannot support the harvest the industry is capable of taking and processing.

This situation, coupled with the ability under the FCMA to regulate foreign fishing, has stimulated much discussion and investigation into the harvesting, processing, and marketing of nontraditional fish species. Foreign nations fishing off our coast have concen-

trated on such species as mackerel, the squids, whiting, and red and white hake. While there is a limited domestic market for these species, there continues to be considerable demand in foreign markets. Before the Massachusetts fishing industry can expand its capabilities to meet the market demand for these nontraditional species, fishermen will need to retrofit or construct new vessels to catch and handle the catch, and there must be an adequate number of onshore facilities to guarantee quality handling and/or processing before export. This requires capital investment in the industry.

Since most of the foreign fishing off our coast has been restricted or prohibited, considerable foreign development capital exists for construction and purchase of vessels as well as processing capacity here in New England. Many Massachusetts businesses have been approached by various foreign investors who have been willing to enter into almost any type of financial arrangement to help guarantee a constant supply of fish. There have also been proposals to have domestic vessels transfer catch at sea to foreign processing vessels. Foreign investment and involvement in the domestic fishery, particularly here in Massachusetts, is a serious issue in need of discussion and resolution within the industry, the financial community, and state government.

The fishing industry is at a critical point: new markets are available to it, providing the fisheries are developed. Without these new fisheries, the industry in Massachusetts will continue to be limited by the allocations established through the N.E. Regional Fishery Management Council's plans, as the state's fishing industry is dependent upon many of the fish stocks subjected to heavy fishing pressure over the last fifteen years. A closure in any one fishery, due to restrictive regulations, will force fishermen into a fishery for which the price paid is low, but for which the species can be caught in large quantities.

In addition to the growing demand for capital investment in the nontraditional fishery, there is a similar need for a renewed commitment on the part of communities and the state to provide adequate waterfront space for onshore support. In almost every port and harbor from which a commercial fishery is based, there is an unmet demand for dockage and berthing space, improved offloading facilities and, in some areas, land for processing.

While there has been an increase in the number of fishing vessels in Massachusetts' ports, there has also been an increase in the number of recreational craft, as well as increases in the conversion of waterfront land from water-dependent to non-dependent uses. All of these users, in some way, compete with one another.

In the past, communities with commercial fishing activity looked upon the industry as largely undesirable. Recreational boating or other uses were thought to be more appealing because the financial benefits were easily measurable in slip fees, fuel services and marina facility charges. As more information is gathered which shows the direct and indirect benefits derived from the fishing industry, communities should be more amenable to, and better able to provide space for, the industry.

The commercial fishery is based upon renewable resources and, providing the fisheries managers manage the stocks wisely, the Massachusetts fishery will continue to provide food for the nation and a stable economic base for coastal cities and towns.

Community Development Finance Corporation (CDFC)

Note: See Community Development section for overview

Eligible applicant: CD Corporation may invest in private, for profit corporations

This program is able to fund, through local Community Development Corporations, both commercial and industrial economic development activity. It could be used to repair or replace onshore infrastructure including -- through funding of fishing cooperatives -- such things as fish processing and distributing facilities. Cooperatives were added as eligible applicants only this past year (1977).

Massachusetts Industrial Finance Authority (MIFA)

Note: See Industrial Development/Cargo and Shipping section for overview

Eligible applicant: Profit and non-profit business engaged in industrial, commercial, recreation or research and development enterprises

The MIFA program can guarantee loans for vessels as well as buildings, docks, wharves, etc. The project, to be eligible, must meet a variety of criteria, among them that it benefits the general economy in proportion to the amount loaned and that it creates primary employment -- i.e., full-time permanent employment, at a certain wage level. In addition, MIFA can bond onshore manufacturing, R&D and pollution control facilities.

Industrial Development Finance Authorities (IDFA) and

Economic Development Industrial Commissions (EDIC)

Note: See Industrial Development/Cargo and Shipping Section for overview

Eligible applicant: Municipalities which form either an IDFA or an EDIC

Like MIFA, IDFA's and EDIC's can bond onshore manufacturing, R&D and pollution control facilities. The primary difference is that MIFA is a state entity and IDFA's and EDIC's are municipal. Both programs are particularly appropriate to onshore, large scale industrial (and in the case of IDFA, commercial) development, such as ship building and/or repair facilities. An EDIC also holds authority for land taking by eminent domain and would be useful to communities seeking to assemble a land package, such as Lynn, for possible construction of fishing-related facilities.



Massachusetts Business Development Corporation (MBDC)

Note: See Industrial Development/Cargo and Shipping section for overview

Eligible applicant: Any private for profit firm based in Massachusetts

MBDC would be applicable to the fishing industry, especially in the area of nontraditional species, because the Corporation is expected to assume some high risk loans for corporations to acquire or construct fixed assets such as land, plants and equipment.

Massachusetts Division of Land and Water Use/Harbor Improvements

Eligible applicant: Any city or town in the Commonwealth

Under the authority granted by M.G.L. Chapter 91, Section 9A, the Division has authority to construct, maintain and repair piers or waterfront terminals in ports throughout the Commonwealth. In addition, under Section 11 of the same Chapter, the Division can provide as much as 50% financing for harbor improvements to the Commonwealth (75% for dredging). The funds for dredging are available to a community if it can demonstrate ability to provide the local match.

The dredging program has the potential to promote port revitalization with particular emphasis on the needs of the fishing industry if such is identified by the applicant to be of the community's greatest concerns.

Massachusetts Industrial Mortgage Insurance Agency (MIMIA)

Note: See Industrial Development/Cargo and Shipping section for overview

Eligible applicant: Profit and non-profit business engaged in industrial, recreation or research and development enterprises

MIMIA will insure up to the top 40% (up to \$400,000) of a loan made by banks or other institutions and will charge an insurance premium. To this date, MIMIA has not been utilized extensively by the fishing industry, but there is nothing that precludes its application to land based support facilities. At present, a seafood processor is engaged in a MIMIA loan for construction of a new facility in New Bedford.

## The Capital Construction Fund (National Marine Fisheries Service)

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**Eligible applicant:** Under the Merchant Marine Act (46 U.S.C., Section 1177) U.S. citizens who own or lease vessels in excess of two net tons and earn a significant portion of their income from commercial fishing, may establish tax deferred capital construction accounts. The tax deferral remains in effect from seven to ten years (maximum) subject to continued approval of NMFS.

Before a construction account can be established, the applicant must specify his objectives and receive the endorsement of the NMFS. Specifying what kind of vessel will be constructed, reconstructed, or purchased is generally sufficient. Once approved by NMFS, the account may be opened in any federally insured savings and loan institution. Withdrawals made without the approval of NMFS are subject to tax and penalty.

Any applicant may use the following sources of income for account deposits: 1) 100% of taxable earned income; 2) any capital gains; 3) 100% of the vessel's depreciation; 4) 100% of the earnings from investment or reinvestment of amounts deposited.

The applicant must make annual deposits of at least 2% of the original savings objective. A report must be filed each year with NMFS, but a formal assessment of progress is made only every third year. Reconstruction projects will be approved only when the estimated value is greater than \$100,000, or 20% of the vessel's acquisition cost. By definition, reconstruction projects must substantially prolong the life of the vessel.

Money deposited in a Capital Construction fund is formally exempt from federal income tax. The state tax commission has not offered an official ruling on the status of the accounts, but to date has honored the exemption provided by the federal government.

## The Fishing Vessel Obligation Program (NMFS)

**Eligible applicant:** Private for-profit or non-profit corporations or individuals owning a vessel to serve as collateral for the loan

The Fishing Vessel Obligation Program is the major component of the federal scheme for financing the replacement and expansion of the U.S. fishing fleet.

The FVOP was enacted pursuant to the Merchant Act (46 U.S.C., ss. 1271 - 1279) and guarantees up to 87½% of the cost of constructing, reconstructing, or reconditioning a U.S. commercial fishing vessel of five tons or more. Under limited conditions the guarantee extends to the purchase of the ship's equipment

and onshore support facilities. The borrower must own a vessel which can serve as collateral for the facility loan.

The applicant must provide at least 25% of the required capital himself. If that amount is borrowed as well, the second "lender" must agree to recognize the priority position of the NMFS in the event of default.

The loan guarantee can run for the "useful life" of the vessel. This is commonly held to be 15 years for a new vessel, of 7 years for a reconstructed one. In no event can the guarantee run for longer than 25 years. An acceptable interest rate is currently considered 9% or less as determined by the Secretary of Commerce. The NMFS may take a security interest against its risk and in some instances will assume an interest in the vessel itself.

The applicant must demonstrate: that the vessel is seaworthy; that he has the necessary integrity, experience, financial resources, and ability to operate it; that the proposal is economically sound; and, that the project is consistent with the intent of the program. Economic sufficiency is assumed when the applicant can provide capital adequate to support operation and normal contingencies (at least 8% of the total capital cost of the vessel). The applicant must have financial resources equal to the difference between the actual cost of construction, reconstruction, or reconditioning and the amount of the obligation proposed for guarantee. In addition, the applicant must have made adequate provision for payment of the first year's premium for vessel insurance (including hull and machinery, breach of warranty, protection and indemnity, if applicable, and other insurance that may be required by NMFS).

The NMFS levies a guarantee fee of between .5% and 1% on the average principal outstanding. The applicant must have at least the first year's fee in hand and is advised to produce at least a 3-year account of the vessel's earnings and operating expenses. Cash flow history and projections are carefully examined.

Proposals for reconstructing or reconditioning a vessel must entail major capital improvements, the cost of which will be at least \$40,000 or 20% of the vessel's replacement value. It is necessary to demonstrate that such reconstruction or reconditioning will substantially prolong the useful life of the vessel (by anywhere from 7 - 15 years), particularly if the vessel is over 25 years old. Evidence that these improvements will significantly increase vessel value or make it suitable for a different type of fishing is also acceptable.

Nationally, \$38 million is available for loan guarantees. This money is not allocated equally among states and is on a first come, first served basis. At present there are several such guarantees held in Massachusetts, but more numerous examples are found throughout the southern states. Many of their vessels are larger and more costly (over \$1 million) and therefore tend to utilize greater portions of the available money.

Business Development Loan Program (BDL) (U.S. Department of Commerce, Economic Development Administration (EDA))

Eligible applicant: Private business and individuals engaged in for-profit enterprises

Loans are available from the EDA for up to 65% of project cost, but are available only when the applicant can provide 15% of the total cost and then secure the remaining 20% from non-federal sources. The loans are to be used to acquire fixed assets and are most appropriately applied to the financing of on-shore facilities such as processing plants and freezers. Normally, loans are made to private businesses, but the relatively cumbersome application requirements make it less suitable for vessel financing and for small loans in general. Typical loan amounts range from \$500,000 - \$1 million, and vessels are included as eligible activities.

The Secretary of Commerce is given the discretion to waive the requirement for 35% funding from other than EDA sources by allowing EDA to give a block grant to a redevelopment authorities and allowing the Authority to re-loan.

Special Economic Development and Adjustment Assistance Program (Title IX) (EDA)

Eligible applicant: Grants may be distributed to either a redevelopment area or an economic development district (as defined under the Public Works and Development Act), an Indian tribe, the Governor of a state or his designated agency, or a consortium of political subdivisions under Titles I and II of the Act; however these recipients may redistribute the funding to public and private (non-for-profit) entities in the form of grant loans, loan guarantees, etc.

Title IX grants are intended to help revive failing industries which may be facing an actual or threatened economic loss. The grants may be used for the acquisition or development of land and improvements to public works or facilities. Eligible facilities may be constructed, rehabilitated, altered, expanded or improved with these funds.

A 25% matching share, cash or in-kind, is required and an eligible recipient must have a plan or planning application approved by EDA. Such plans must be comprehensive, include an environmental impact assessment, and be submitted for the Federal-State coordinating review process under OMB Circular A-95.

The program is funded for FY 1977 at \$45 million and there is currently a New Bedford fishing pier rehabilitation project funded under a \$3 million grant from EDA. An example of the program's versatility can be seen in Gloucester, which is the beneficiary

a \$7.5 million Title IX grant for the revitalization of fish piers and creation of a loan fund and marketing program.

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Grants and Loans for Public Works and Development Facilities  
(Title I) (EDA)

Eligible applicant: same as Title IX

This program is operative under the same legislation as Title IX, but is generally appropriate only to the financing of on-shore facilities. The program's funding level is set at \$245 million per year through 1979, an amount which could significantly accelerate the construction of necessary onshore facilities and processing plants.

The program's objective is to assist in the construction of public facilities needed to initiate and encourage long-term economic growth in areas where economic growth is lagging behind the rest of the nation. A 50% match is required, although areas which qualify as "severely depressed" may receive up to an 80% federal grant.

Grants to States for Supplemental and Basic Funding of Titles I, II, and IV Activities (304) (EDA)

Eligible applicant: same as Title IX

The "304" grants, in Massachusetts applied for through the Office of State Planning, are intended to enable Governors to select projects which will assist in the construction of public facilities and are needed to initiate or enhance long-term economic growth in areas of their states where such growth is lagging.

Eligible uses include construction of water and sewer systems, industrial parks, access roads, port facilities and public tourism facilities.

Projects are funded 75% federally, 25% state. Although allocations vary year to year, Massachusetts' share is generally around \$400,000 per year.

U.S. Small Business Administration

Eligible applicant: A small business which is independently owned and operated and is not dominant in its field. Generally for manufacturers, average employment not in excess of 250; wholesalers, and retail service concerns

The Massachusetts fishing industry is eligible for financial aid from three separate SBA programs: 1) "Section 7(a)" direct

loans and loan guarantees (15 U.S.C., S. 636(a)); 2) "Section 502" local community development loans and guarantees (15 U.S.C., S. 696); and 3) Disaster and Economic Injury Loans and guarantees (15 U.S.C., S.636(b))

Section 7a provides for direct loans of up to 2/3 of project cost but requires that the remaining one third be supplied by the applicant. The program is applicable to all phases of vessel and on-shore facility construction, but by agreement will not be extended to applicants who are otherwise eligible for NMFS support (generally vessels over five tons). The program will fund construction, renovation, and acquisition of vessels under five tons and meet similar needs for smaller onshore facilities.

Maximum loan or loan guarantees to one small business and its affiliates is \$500,000 (or 90% of project cost for loan guarantees). The maximum loan period is six years for working capital, ten years for equipment, and 20 years for new construction. For very large vessels and on-shore facilities, SBA's 502 program is more appropriate.

Section 502's Local Community Development programs (LDC) are organized for the purpose of promoting economic development projects which are initiated and then controlled at the local level. Gloucester, New Bedford, Fairhaven, Hingham and Ipswich presently have LDCs operating successfully in these areas. Under the direct loans, 60% of the funding must come from local institutions, 30% from SBA and the remaining 10% from LDC. The LDC program will also guarantee up to 90% of a loan incurred by eligible small businesses. Eligibility is established under SBA guidelines.

The Section 502 loan program is not appropriate for minor renovation, or for the purchase of gear and equipment with a useful life of less than 3 - 5 years (unless purchased along with a vessel, in which case the equipment must have an estimated life estimate in excess of one year). The program is well suited to financing many types of privately owned (or LDC owned) onshore facilities, and is potentially appropriate for purchasing new vessel financing. SBA financing cannot be applied to vessels over five tons, ostensibly because the vessels are eligible for NMFS financing; and the SBA's limit of \$500,000 may be insufficient to finance some larger steel hulled construction.

#### The Farmers Home Administration (FmHA)

Eligible applicant: Provision of guarantees for loans (up to 90% of principal and interest) to all types of business and industries in rural areas, and direct loans to public bodies

The FmHA will guarantee loans under its Guaranteed Business and Industrial Loans program (7 U.S.C., S. 1989) by private lenders to qualifying applicants and will indemnify up to 90% of the lender's loss. FmHA advises potential borrowers who want loans

of \$350,000 or less to apply to SBA.

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Maximum maturity for business and industrial loans is up to 30 years on land, building and permanent fixtures; up to 15 years on machinery and equipment and up to 7 years on working capital. The interest levels are determined by the market rate except in instances where public entities borrow for the purpose of providing community facilities, in which case the interest rate is set at 5%. Normally, FmHA requires at least 10% equity, but this is somewhat dependent on the circumstances of the loan.

The Farm Credit System - Production Credit Association Loans (Farm Credit Act of 1971 L.P. 92 - 81) is a federally chartered cooperative banking system owned and controlled by its borrowers. The Farm Credit Administration, an independent federal agency, supervises the system. Fishermen who borrow are required to purchase some stock in the system to assist in capitalization. In order to obtain funds for loans, the system sells notes, bonds, debentures on money markets, lends money from its own stock, and borrows funds for relending. Short term and intermediate loans are made regionally through local production credit associations (PCA).

Maximum loan coverage of up to 75% of value is allowed over a maximum period of 7 years with interest rates commensurate with the cost of the underlying bond issue.

This program is most appropriate for smaller loans because the repayment period is extremely short (7 years). The program can also be utilized to obtain short-term working capital (again repayment with 7 years). This is particularly helpful to fishermen, as many of the other programs already identified do not allow for the financing of working capital.

### PANELISTS AND RESOURCE STAFF

#### POLICY WORKSHOP

CHRISTINE SULLIVAN, Chairperson, is the Secretary of the Executive Office of Consumer Affairs. Since she has held that post, Ms. Sullivan has developed the Solar Action Office, the first state agency on the east coast with the responsibility for ensuring the development of a healthy solar industry. She is also the Chairperson of the Energy Facilities Siting Council, the state agency charged with long-range energy planning and determining the need for and location of all new energy facilities in the Commonwealth.

EDWARD J. DAILEY, JR. is the Executive Director of the Energy Facilities Siting Council. Under his direction, the Council has examined regional demand, supply, and environmental factors regarding baseload electric facilities under a grant from the Nuclear Regulatory Commission. In addition, the EFSC has passed the first set of state standards in the nation which regulate intrastate LNG facility construction. In cooperation with the Office of Coastal Zone Management, the EFSC has also developed a Massachusetts policy for coastally dependent energy facilities.

JOHN BATTLES is the Executive Director of the Massachusetts Petroleum Council, a trade organization responsible for representing the petroleum interests in the Commonwealth. As Executive Director, he is the liaison to the Legislature and the public on oil related issues.

JOHN BROWN is an Executive Assistant to Mayor George McCarthy of Everett. Everett hosts a number of energy facilities located on the coast, including an oil storage facility, a liquefied natural gas facility, and an oil terminal.

ROBERT O. BIGELOW is Vice President and Director of Planning and Power Supply, New England Power Service Company and past Chairman of the NEPOOL Planning Committee. His expertise and background span plant design and construction, computer programming, engineering studies, supervision of system planning studies and engineering application of computers with NEPSCO; responsibilities as Chief, Electrical Engineering, and Assistant Chief Engineer for all system planning activities.

ERIC E. VAN LOON is the Assistant Secretary of Environmental Affairs and the Director of the Office of Coastal Zone Management. The Commonwealth's Coastal Zone Management Plan, which was formally approved for federal funding in April, 1978, includes policies concerning the location and management of energy facilities in coastal areas.

HENRY LEE is Director of the Massachusetts Energy Policy Office.



The Massachusetts coastline plays a major role in fulfilling the energy requirements of the state -- 80% of the Commonwealth's energy facilities are currently located here. Coastal areas accommodate sites for electric generating plants, gas facilities, marine terminals and tank farms and could, in the future, be called upon to host a refinery, deepwater ports or offshore oil and gas related facilities and services.

Energy facilities are located along the coast for basically three reasons: utilization of abundant water for cooling purposes; proximity to fuel supply; and accessibility to market areas. Many of these facilities are by their nature coastally dependent. For some, however, inland locations may be possible, but may entail increased costs to the industry and consumers and could potentially create adverse environmental and social impacts.

Massachusetts is, and will most likely remain, reliant upon product oil brought in from outside the state. Roughly half of this oil comes from foreign nations, most of which, as with the majority of domestic oil, is brought into the state through marine terminals. For the foreseeable future, petroleum products will continue to arrive in conventional coastal tankers and barges to be stored in tank farms. While Massachusetts most likely has sufficient marine terminal capacity to handle any projected increases in tanker traffic, additional oil storage facilities will in all likelihood be needed. In many instances, ports which now host tank farms will be hard pressed to accommodate additional storage. Tank farms might, in certain cases, be economically sited in areas outside of the coastal zone.

Natural gas, too, has come into wider use. Because of a lack of domestic pipeline gas, the importation of liquefied natural gas (LNG) and feedstock for synthetic natural gas (SNG) through marine terminals has become important in supplying the energy needs of the state. Because of the economics and risks of transporting cryogenic gas, many gas storage and processing facilities must be located close to terminals and within the coastal zone. The environmental and social concerns associated with LNG and SNG storage, coupled with a growing need for expansion of such facilities, could present some very difficult locational choices for coastal communities and the state.

In addition to oil and natural gas, the coast provides sites for 21 electric generating facilities and two coastal power plants having the capacity to generate coal-fired electricity. Currently, beyond the construction of an additional nuclear power plant in Plymouth, no new major facilities are being proposed for construction in coastal areas for the foreseeable future. This situation may change, however, due to a variety of factors including primarily

increased energy demands and slippage in construction of plants planned for other New England areas.

The siting of energy and energy-related facilities in coastal areas may be affected by oil and gas exploration and production on roughly one million acres of land in the North Atlantic Outer Continental Shelf (OCS) now being considered for leasing. A large find of oil or gas could produce serious development pressures within our coastal communities and potentially create some very severe environmental problems. Certainly, the potential for conflict with the fishing industry exists, although certain steps to ensure that such conflict is minimized are now being sought by the Commonwealth. OCS exploitation may result in development of pipeline landfalls, gas processing facilities, tank farms and distribution facilities. Development may also bring pressure to bear on coastal communities through new housing and service demands, and the location of OCS related growth will have to be seriously weighed for its environmental as well as economic impact.

The construction and operation of the above facilities must be undertaken within the context of the state's energy policy. This policy, established in the law creating the Energy Facilities Siting Council, calls for the provision of an adequate energy supply with a minimum impact on the environment at the lowest possible cost. These three concerns must be weighed for the siting of all energy facilities, coastal or inland. There are clearly tensions in meeting all three criteria. Every facility has associated with it certain positive impacts: meeting energy needs, increased employment and a secure source of energy as a base for economic development. On the other hand, primary environmental impacts on air and water quality, coastal ecosystems and land use conflicts must factor heavily in siting decisions.

In conjunction with energy conservation and efficiency, the promotion of environmentally sound alternative energy sources is needed. The development of alternatives such as solar, wind and solid waste energy recovery systems would reduce our dependence on more traditional fossil fuel and nuclear energy sources.

The present administration, under guidance by the EFSC and national policy, is now deeply involved in helping to resolve the conflicts inherent in energy development while moving ahead on the establishment of new facilities which can provide the Commonwealth with all its necessary energy requirements while preserving the state's environmental integrity.

Coastal Energy Impact Program (CEIP) (Coastal Zone Management Act Amendments, 1976)

Eligible applicant: All applications must be made through the state agent for the program -- in Massachusetts, the Coastal Zone Management Program. Local public bodies are eligible to apply.

Coastal energy activity under the Act is defined to include three types of energy development: Outer Continental Shelf energy activity, any transportation or processing of liquified natural gas, and any transportation, transfer, or storage of coal, oil or natural gas.

Assistance under the program is available in four forms: 1) it can provide planning grants to prepare for upcoming energy activity and for its socio-economic and environmental consequences; 2) it can help finance the new or improved public facilities and services required because of population increases resulting from new coastal energy development. This assistance is designed to be available ahead of the impacts, when it is needed, but for no longer than is actually required. 3) The program can provide repayment assistance -- refinancing, modification of terms, supplemental loans, or repayment grants -- to the borrowing community when it cannot meet its credit obligations because of revenues from energy activity failed to materialize as expected. 4) The program can provide assistance to help prevent, reduce, or repair unavoidable damage or degradation of valuable environmental or recreational resources resulting from past or future coastal energy activity.

Fiscal Years 77 and 78 combined allocated some \$130,000 to the Commonwealth for OCS related administrative work and some advance development related planning. An FY 79 allocation has not been announced. Future years should show increased amounts of funding based upon what the pace may be for leasing and development on the OCS.

Coastal Zone Management Program/Community Grants Program

Eligible applicant: All applications are made to the federal Office of Coastal Zone Management through the state Coastal Zone Management Program. Any local public body may apply, providing they have the endorsement of the local chief elected official.

Under Massachusetts' Coastal Zone Management Program, 80% grants of up to \$20,000 will be approved for coastal communities to deal with what may be energy related matters in the following areas: port and harbor development planning, dredge and dredge spoil disposal demonstration projects, coastal hazards studies, recreational planning, and applied science studies. All projects must be consistent with CZM goals and policies and should be

for specific projects, often constituting the first step in a larger project.

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FY 77 funds, under a CZM planning grant, of \$14,000 have been awarded. Fiscal year 78 funds total some \$247,000. Future years allocations will vary dependent upon the overall amount of CZM program funding for Massachusetts.

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## Policy Frameworks

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### Coastal Zone Management

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#### SOME BACKGROUND

Under the Coastal Zone Management Act of 1972, the National Oceanic and Atmospheric Administration's Office of Coastal Zone Management (OCZM) was authorized to provide financial support for state initiated coastal planning efforts. OCZM was further instructed to critically review all completed plans before offering additional funding under the actual management phase of CZM program development. In April of this year, following a three year planning process, Massachusetts' Office of Coastal Zone Management received \$ 1.3 million in federal funds for the first year of implementation of the Commonwealth's Plan.

The program's first year management grant will support a core CZM staff, provide additional technical personnel for the state's coastally-related environmental regulatory agencies, and will provide for a number of direct planning grants to coastal cities and towns. The management program, based upon a set of 27 policies intended to help guide environmentally sound and economically productive decisions within the coastal zone, has not required any new legislation. It has relied instead upon existing laws for which new regulations, supporting the objectives of the Plan, have been established. These regulations, together with the CZM policies should work to reduce tensions between a number of competing interests by clearly indicating where certain activities and uses are restricted, conditioned, permitted or encouraged, in the context of an overall state policy.

CZM is an arm of the Executive Office of Environmental Affairs and reports directly to Secretary Evelyn Murphy. Under the Secretary's authority to set policy for EOEA agencies, she has adopted the policies of the CZM plan as working elements in EOEA line agency permit and funding decisions.

#### THE PROGRAM'S ROLE IN PORT DEVELOPMENT

When the CZM Plan gained federal approval in April of this year, it did so after three years of citizen guidance and a wide range of planning participation. The Program's shift from planning to management carries with it some very real opportunities to aggressively address coastal issues - among them the affirmative role which the CZM Office can play in port development.

Both the marine environment and our coastal lands are among the most valuable natural and economic resources found in the Commonwealth. As of today, 40% of Massachusetts' residents live along the coast, more than 50% of the state's new development occurs here, and our fishing and tourist industries together contribute \$ 1 billion annually to the state's economy. With its responsibility for Plan implementation, CZM will become an increasingly important presence in the development of Massachusetts' ports.

The dramatic contribution of ports to the Massachusetts economy is not merely a phenomenon of the past. A variety of maritime related industries now operating in the major ports directly employ approximately 50,000 persons. . Some of these current waterfront activities are expected to experience only limited growth; most notable among these are shipping operations handling non-containerized general cargo and dry bulk cargo. Others, including container shipping, ferry services, marine industry and recreational boating, exhibit a potential for substantial development and a concomitant need for additional harborfront space.

For a number of reasons our urban waterfront land has suffered from inappropriate use. This becomes painfully clear as the fishing, boating and water-related industrial and shipping sectors compete for space and dollars as they enter a new era of growth and change.

Because our cities host only a finite amount of waterfront space suitable for marine-dependent use, the CZM plan has taken a firm position on the use of the state's existing port areas. With assistance from local officials, CZM has identified prime port development areas within 14 cities to receive designated port status. These are: Gloucester, Beverly, Salem, Lynn, Chelsea/Everett, Boston, Quincy/Weymouth, Plymouth, New Bedford/Fairhaven and Fall River/Somerset. The most severe development competition occurs within these designated ports - each of which possesses a navigable channel of a 20 foot depth or more and a developed transportation system. To create new port infrastructure - sewer, water, deep draft access, rail spurs and highway connections - would be difficult, if not impossible. The public and private costs of establishing new deepwater channels, with adequate support facilities, is prohibitively high.

For this reason, the CZM Plan's central policy on port development encourages the location of maritime commerce and development in those urban waterfront areas which have received designated port status. The intent is to ensure that the special physical and operational requirements of maritime dependent activities are recognized and not impaired by other development. The policy's enforcement will rely, in part, on the denial of a tidelands license for any non-maritime dependent waterfront proposal which demands an irretrievable commitment of port space, or which is in direct competition with a marine dependent development which has been proposed for that space.

Over half of the state's environmental permits are issued by the Department of Environmental Quality Engineering. Within EOEA, the Department has recently revised its regulations dealing with wetlands, dredging, filling and tidelands structures to reflect CZM's policies relating to development and the marine environment. (Refer to section on Environmental Regulations.) For designated port areas, as well as developed harbors - designated areas of concentrated waterfront development - these new regulations effectively encourage water-related development. The Plan is emphatic in its support of the Massachusetts growth policies as well. In keeping with the state's objectives for centralized growth, the Plan offers priority allocation of future dredging and related facilities construction funds to these same designated ports and developed harbors.

CZM's interest in promoting marine-dependent growth is well served by its role as EOEA's coordinator for local, state and federal efforts in undertaking coastal projects. As projects grow in complexity - through the range of funding alternatives, the volume of regulatory and permit requirements, and the need for development infrastructure - CZM will be in a position to provide local technical assistance and help to successfully guide projects through the administrative and environmental regulatory systems. CZM's ability to assist projects in this way stems from a policy consensus between CZM and other state development agencies and from the federal consistency element of the CZM Plan. The latter is a unique tenet of the CZM Act, which allows federal agencies to issue permits and allocate funds only for those coastal projects which are in keeping with the state's approved CZM Plan.

Over the coming year, CZM will face the real challenge of its effectiveness. Its success will, in many respects, be contingent upon the continued support of coastal communities and will rely on their efforts to conform with the program's development and conservation policies alike.

In an effort to help achieve this consensus, the CZM Office will offer a wide range of local assistance - legal, scientific and economic. A grants program has been initiated offering up to \$ 20,000 per project for port and harbor development planning, dredge or dredge disposal demonstration projects, coastal hazards studies, preliminary engineering studies, recreational planning and applied science studies.

It is possible to accommodate virtually all of the state's coastally-dependent users. With clear policy guidelines, with strong coordination among all participants in the public and private sectors, and with genuine efforts towards cooperation, the development of coastal industries can and will produce the basis of a strong port economy for the Commonwealth.

## New Environmental Regulations

The newly approved Coastal Zone Management Plan has set forth 27 policies designed to foster port, harbor and fishing development while protecting valuable natural resource areas through a variety of management tools. These include public investment strategies, direct community grants, technical assistance, direct acquisition of unique natural areas, and existing regulatory programs. The last of these, our environmental regulations, have recently undergone substantial change to reflect the state's new coastal policies.

Within the Executive Office of Environmental Affairs there are five major agencies. Two of these -- the Department of Environmental Quality Engineering (DEQE) and the Department of Environmental Management (DEM) -- have recently promulgated new or revised regulations for programs under their aegis. Regulations for wetlands protection, Waterways licensing, and Water Quality Certification for dredging have been adopted by DEQE; regulations for Ocean Sanctuaries have been adopted by DEM. Where the implementation of CZM policies fall within the agencies' mandate of existing legislation, the new regulations have been designed to incorporate these concerns and, in some instances the regulations help clarify or implement the enabling statute where it may not be related to CZM.

### WATERWAYS REGULATIONS (Chapter 91 of the Massachusetts General Laws)

These regulations directly incorporate the CZM policies favoring marine dependent industrial uses in designated port areas. The jurisdiction of these regulations extends landward to the mean high water mark, which means that piers, bulkheads or dredging activities require a Waterways license. Activities on existing land behind bulkheads, however, are not subject to the regulations.

One of the basic purposes of the program is to evaluate proposed projects for their impact on navigation and for their structural soundness. (Refer to Sections 20 and 21 of the regulations for design criteria standards, blocking of channels, etc.)

The land below low water belongs to the Commonwealth. Well-established case law holds that this public property is to be held in trust and that it is to be used for projects which have a demonstrated public benefit. There are also reserved public rights for fishing, fowling and navigation on all land below mean high water.

These legal principals have been meshed with the CZM policies insofar as those policies refer to port areas. In heavily developed portions of our major ports, where significant public investments in infrastructure have been made and where major alterations of the natural environment have already occurred, policy encouraging water-related indus-



trial development has been translated into positive encouragement through regulatory requirements. When a project subject to a Chapter 91 license is proposed for a designated port area, DEQE -- with assistance from the CZM Office -- will evaluate whether or not a concrete development proposal exists for the site and whether there would be a clear conflict with documented fishing, maritime shipping or other marine industrial plans on or near the parcel. If no conflict is evident, the site can be used for any use which meets the other standards of the regulations.

While environmental concerns are dealt with in detail in the Wetlands Protection regulations (discussed below), DEQE has attempted to coordinate permitting procedures for Waterways projects with the Wetlands requirements by making the environmental standards the same in both sets of regulations. This means that while the two statutes overlap in terms of environmental protection concerns, as an administrative matter these issues will generally be evaluated only once.

In the specific case of designated port areas, unlike less developed areas, there are strong and important development pressures as well as the need to protect natural resources. Therefore special environmental standards have been developed to balance the competing interests in those areas. These standards -- which are discussed in the Wetlands regulations section below -- recognize that port areas, already altered from their natural state, require special consideration for their contribution to a growing economy. At the same time, these standards also recognize that these areas may still contain shellfish beds, fish spawning grounds or fish runs that need protection in order to maintain the viability of our food and water supplies.

#### WETLANDS PROTECTION REGULATIONS (M.G.L. Chapter 131, Section 40)

The Wetlands Protection Act protects any beach, dune, tidal flat, bank, salt pond, river, creek, stream, etc. from dredging, filling or alteration which would impair the ability of such features to prevent flooding, storm damage or pollution; to maintain public, private, or groundwater supplies; and to support fisheries and shellfisheries. The Act is administered by local Conservation Commissions which issue an "Order of Conditions" for any work within a wetland or within 100 feet of it. Such Orders may be appealed by the applicant, an abuttor, or any ten citizens to the regional DEQE Office.

The new regulations create the first substantive standards for activities in coastal wetlands. They describe the function of each area and explain when that area may be significant to interests protected by the Act. The regulations also set standards specific to each area. For instance, the standards would allow dredging in land under the ocean, whereas they do not allow dredging in salt marshes. The performance standard for activities in salt marshes, shellfish beds, or salt ponds - all important to marine productivity - do not permit adverse effects to the area. On the other hand, projects in some other resource areas must be designed to minimize adverse impacts using the best available

measures. This means the most up-to-date technology or the best designs, measures or engineering practices available or that are commercially available.

In designated port areas, different standards apply. The regulations recognize that the natural configurations of land and water as well as the natural environment have been greatly altered by human activity. The main concerns in these areas are water quality and the structural integrity of bulkheads or piers adjacent to the project. Only land under the ocean is presumed to be significant to the Act; land above such bulkheads may not be significant. In practice, this means that the Conservation Commission may not need to issue an Order of Conditions, since the first step required under the Act is a finding on the involved area's significance to the Act. If a finding is made that an area within a designated port is significant, then the project must meet the standard of minimizing adverse effects using "the best practical measures." This differs from "best available measures," calling for technologies, designs, measures or engineering practices that are in general use to protect similar interests.

In sum, these new regulations are designed to focus close and careful attention by local Conservation Commissions and the state on those resources which contribute to marine productivity or protect property from storm damage and flooding. The regulations contain less stringent standards for the less sensitive portions of our marine environment and contain performance standards for designated port areas which incorporate general commercial and engineering practices.

#### DIVISION OF WATER POLLUTION CONTROL DREDGING REGULATIONS (M.G.L. Chapter 91, Section 43)

The Division issues a Water Quality Certification to either the Waterways or Wetlands programs for activities licensed by them which may affect water quality. A similar certification (called a Section 401 certification under federal law) is issued if a project requires a federal permit.

The Division has now adopted regulations for such certifications if the project involves dredging or the disposal of dredged materials in the waters of the Commonwealth. The new regulations provide a great deal more specificity and predictability to the licensing process than existed in the past.

The applicant must first submit an application with the results of certain preliminary tests made upon the dredge spoil material. The material is classified by chemical constituents into one of three types, ranging from non-degrading to potentially degrading. Classification is also made according to physical characteristics, such as oil, grease, silt or sand. The preferable means of dredging and disposal are identified for each type of material.

The process in these regulations is intended to be consistent with the other environmental review procedures. In the case of a project subject to the Massachusetts Environmental Policy Act (MEPA),

the MEPA process will determine whether future tests or research are required for classification or disposal site evaluation at the same time that a decision on an Environmental Impact Report is made. This effectively allows the applicant to gather all additional information simultaneously. In similar fashion, because the WQC is incorporated into the Waterways license, hearing and appeal procedures of the two agencies are combined so that two hearings on the same project are avoided.

THE OCEAN SANCTUARIES REGULATIONS (M.G.L. Chapter 132A, Sections 13 - 16 and 18)

This statute creates five ocean sanctuaries, covering all of our coastal waters except those from Lynn to Marshfield and Mount Hope Bay. The sanctuaries extend seaward from the mean low water line and do not incorporate certain developed areas or inland waters if the bay or river-mouth is less than 200 yards wide. In general, the statute prevents such activities as the removal of sand, gravel, or minerals, the dumping of any wastes or new discharges. Each sanctuary is subject to slightly different rules, but generally navigation improvements and other projects authorized under the Waterways program found to be in the public necessity and convenience are permitted. There is no special permit process established under the Act. Therefore, the Act will be administered in large measure through the Waterways program, although the Department of Environmental Management retains general oversight responsibilities.

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## Outer Continental Shelf

Oil and gas are thought to exist some 50 - 200 miles off the Massachusetts coast on part of the Outer Continental Shelf which coincides, more or less, with Georges Bank.

Whether the hydrocarbon reserves exist, and whether they are large enough to warrant the investment to produce them, will not be confirmed until oil companies drill wells and conduct exploratory testing. The U.S. Department of the Interior is planning to lease rights for exploration and development for 155 tracts of submerged lands covering 1379 square miles. The Interior Department estimates the reserves in that area contain, at the most, 3.5 trillion cubic feet of gas and 0.53 billion barrels of oil. Those quantities represent 27 days of the nation's consumption of oil and 64 days of the nation's consumption of natural gas. The Dukakis Administration supports offshore oil and gas activities, as long as safeguards adequate to protect the Commonwealth's tourist and commercial fishing industries are in place.

Massachusetts ports could be used to serve offshore oil and gas activities. Storage space and wharfage are needed for vessels transporting drilling and crew supplies from shore to offshore rigs and platforms for both exploration and development. Port space is required to stage the installation of platforms and pipelines. Helicopter ports must be developed to transport workers from home base to a seven day work week offshore. Natural gas will be transported by pipeline to New England, possibly Massachusetts, and an offshore facility must be developed to process the gas prior to distribution via an interstate network. (Oil will probably be tankered directly to more southern refineries with little or no economic impact on Massachusetts.) Of course, the decision to develop any of these facilities depends on a commercial find of oil, gas, or both.

Massachusetts ports stand about as good a chance as any others in New England to provide the locus for those facilities, in terms of distance between shore and the area proposed for leasing. However, there are other factors influencing siting decisions, including the amount of available space, suitable harbor depths, and access to highway, rail and air transportation. Competition from adjacent coastal states will also affect the industry's perception of Massachusetts' shores.

For the past three years, state and local officials have been meeting with companies serving offshore oil activities. Governor Dukakis, Lt. Governor O'Neill, and officials from a number of port cities, including Gloucester, Lynn, Boston, Plymouth, New Bedford and Fall River, have journeyed to Texas on a nearly annual basis to inform companies about the ability of Massachusetts' ports to

serve their needs. Partly with assistance from the Coastal Zone Management Office, some local officials have been preparing plans for port improvements in order to accommodate the offshore oil industry. Yet another source of funding - the Coastal Energy Impact Program, administered by the Coastal Zone Management Office - is available to communities experiencing impacts resulting from the siting of OCS-related facilities.

While the prospect of oil and gas development is exciting, a practical assessment of the associated economic impacts is in order. First, it would not mean that New England will become energy independent. The oil will most likely be transported to mid-Atlantic refineries, and while offshore gas may largely be used in New England, additional natural gas supplies will continue to be imported from other parts of the nation. Second, it would mean that the employment benefits will be primarily local, rather than statewide. At the most, the number of new jobs will total 2,000 (about one-third the Quincy shipyard payroll) and just one-third of those will be open to the local labor pool. Third, it would mean potential harm to native commercial fishing and tourist industries. Without certain environmental safeguards in place, losses amounting to as much as \$ 50 million in one year could accrue to the Massachusetts fishing industry as the result of oil spill damages to fish spawning. Massachusetts officials are making every effort to ensure that oil and gas activities go forward with minimal environmental damages, so that industries with us for generations past will continue to make their important contributions to our state's economy for years to come.

## Recent Economic Development Legislation

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At the end of the 1978 Legislative session the Legislature passed the entire package of economic development and urban revitalization bills filed by the Governor during the session. Along with two measures enacted in an earlier session (the creation of the Community Development Finance Corporation and the Massachusetts Industrial Mortgage Insurance Agency), the 1978 bills provide the statutory framework for a comprehensive program of financial incentives and technical assistance for economic development and urban revitalization in Massachusetts. The 1978 bills are:

H.5665: An Act Establishing the Massachusetts Industrial Finance Agency

H.5674: An Act Establishing the Massachusetts Technology Development Corporation

H.5675: An Act Amending the Law Relating to Industrial Revenue Financing

H.6093: An Act to Assist Urban Revitalization Through the Urban Job Incentive Program

S.1546B: An Act to Encourage Financing for Downtown Revitalization Projects

H.5681: An Act Establishing the Community Economic Development Assistance Corporation

These bills will expand state government's ability to offer increased public financing to business enterprises, increased technical assistance to new and community-based businesses, and increased state incentives to commercial ventures to revitalize the commercial centers of the state's older developed areas.

These bills are designed to accomplish three objectives:

**I. PUBLIC FINANCING:** H. 5665 will establish a Massachusetts Industrial Finance Agency with the power to issue tax-exempt revenue bonds in all locations in the state and the power to continue the industrial mortgage insurance program of the Massachusetts Industrial Mortgage Insurance Agency. H. 5675 will make a number of important technical changes in the enabling act for tax-exempt financing through local Industrial Development Financing Authorities. A second bill, H. 5675, will establish a Massachusetts Technology Development Corporation which, if federally funded, will make direct investments in new technologically-oriented businesses.

**II. URBAN REVITALIZATION:** H. 5675, H. 6093 and S. 1546B will expand the state's incentive programs for industrial enterprises to include commercial enterprises that support revitalization efforts in certain commercial centers. These bills will provide state incentives for commercial employers to invest in new and rehabilitated projects in our older commercial centers, and will encourage local government officials to adopt comprehensive "commercial center revitalization plans" to become eligible for those incentives for new investment by the private sector.

Within the boundaries of locally-adopted commercial center revitalization plans, these bills will offer tax-exempt financing, property tax assistance and employment incentives through state tax credits, and mortgage insurance for the rehabilitation of key buildings.

\*Tax exempt financing for commercial properties will become available through local Industrial Development Financing Authorities or the Massachusetts Industrial Finance Agency in all cities and in towns with population over 35,000 as estimated by the last U.S. Census. (The normal industrial bond program will be available in all localities.)

\*Tax credits and deductions will become available to commercial employers who qualify under the state's Urban Job Incentive Program, in localities with "eligible sections of substantial poverty" and equalized property tax rates over the statewide average.

\*Mortgage insurance will become available from the Massachusetts Industrial Finance Agency for the rehabilitation of buildings for commercial use in any city or town adopting downtown revitalization plans.

Commercial center revitalization plans must be adopted by the governing body of the municipality and approved by the Secretary of Communities and Development. The purposes of the plan shall be to prevent or arrest and reverse the decay of the area covered by the plan. The plan shall describe the area and set forth the development or redevelopment, including public improvements, proposed to carry out the purposes of the plan. In exercising the power of approval of a commercial center revitalization plan, the Secretary is instructed in the legislation to seek to avoid and correct the deterioration of older commercial districts which results from the movement of commercial enterprise to previously non-commercial areas.

III. TECHNICAL ASSISTANCE: H. 5681 will establish the Community Economic Development Assistance Corporation to provide technical assistance to neighborhood-based redevelopment organizations. This technical assistance will be directed toward enabling local community development corporations to make more effective use of the \$10 million to be invested in community-directed businesses by the Community Development Finance Corporation. In addition, H. 5674 will preserve the program of technical assistance to small and new businesses currently being offered by the Massachusetts Science and Technology Foundation.

More detailed explanations of the provisions of the bills are outlined below.

#### H. 5665: An Act Establishing the Massachusetts Industrial Finance Agency

Under the provisions of H. 5665, the newly-created Massachusetts Industrial Finance Agency (MIFA) will:

- 1) Become a state-wide bonding agency capable of passing through to Massachusetts businesses the 100% federally-guaranteed, tax-exempt pollution control bonds available through a new program of the U.S. Small Business Administration.
- 2) Incorporate the Massachusetts Industrial Mortgage Insurance Agency and the State Industrial Finance Board and render them more effective by expanding their functions.

In addition, H. 5665 makes a number of very important improvements to the local industrial revenue bonding process. These improvements would:

- 3) Make tax-exempt revenue bond financing available in every community in the state (currently it is available in only about one-third of our cities and towns).
- 4) Provide alternative methods of using the revenue bonding capacity in situations where local Industrial Development Financing Authorities are unable to act in a timely manner (frequently, the part-time officials of local IDFAs are unable to process a corporate application on a timely basis).
- 5) Permit the combination of individual bond issues into one "umbrella" offering (this would enable smaller companies to utilize this tax-exempt method of financing).

As in the current IDFA program, funds for the purchase of the tax-exempt bonds will be obtained from private lenders, but the exemption from federal taxation will permit these financings to be provided at lower interest rates than conventional financing.

Probably even more important than the improvements to our revenue bonding process is the fact that the bill will enable Massachusetts to participate in the new federal pollution control program. The SBA program is structured in such a way that it is not feasible for individual municipalities or individual companies to participate in it; a state-wide agency is required. Other states, which already have such agencies, are rapidly moving to take advantage of the program. California alone has issued almost \$10 million in bonds in just two offerings. Georgia, Alabama, Illinois and Michigan all have major issues pending. To date, 30 states have contacted SBA to arrange participation; Massachusetts has not because it lacks the organizational structure. The Massachusetts Industrial Finance Agency will be that structure.

The SBA program provides small and medium-sized businesses a 100% federal guarantee for tax-exempt industrial revenue bonds for the lease or purchase of pollution control facilities. The guarantee is unconditional and is extended to any eligible business for pollution control facility financing up to \$4,000,000. The guaranteed financing covers design, acquisition, construction and equipment installation. The availability of this program could make the difference between continued viability and collapse for a number of smaller Massachusetts firms beset with difficulties under recent environmental legislation.

#### H. 5674: An Act Establishing the Massachusetts Technology Development Corporation

The purpose of the Technology Development Corporation (TDC) is to provide technical assistance and start-up capital to small, innovative technology-based businesses in Massachusetts. TDC is aimed at filling a capital gap and utilizing one of Massachusetts' key economic resources--technology--to increase employment throughout the Commonwealth.

TDC will replace and build on the work of the Massachusetts Science and Technology Foundation (MSTF) which, since its establishment in 1969, has succeeded in helping numerous existing high-technology companies expand their employment and in helping to establish numerous new companies such as American Electronic Service Corporation in Peabody, Engineering and Design Associates in Canton, and Lexidata in Bedford.



In focusing its efforts on businesses that have the potential to provide a substantial increase in stable, well-paying jobs, TDC will expand the technical assistance previously provided by MSTF to include advice on incorporation, financial planning, market research, and management and product advice in order to refine and market new products.

The legislation also establishes a TDC investment fund to provide seed capital through purchase of the securities of enterprises which have good potential to create jobs but which are unable to obtain capital in the traditional capital markets. Such funds may be provided through the mechanisms of a loan, guarantee, equity or royalty, and returns on the investments will be reinvested. Preference will be given by TDC for joint ventures with private venture capitalists where TDC will share the risk with private investors.

H. 5674 involves no additional state appropriations for either operating or capital costs. TDC will continue to be funded at the same level as the Massachusetts Science and Technology Foundation, with \$125,000 in state appropriations, \$75,000 from the United States Department of Commerce's Economic Development Administration, and annually varying amounts from other federal agencies and from private sources.

In addition, the proposed investment fund is designed to attract funding from a variety of new public and private sources including:

- ☐ Up to \$2 million from the Department of Commerce's EDA Title IX revolving fund for public instrumentalities;
- ☐ Support from private foundations which invest in programs with a public purpose.

The ultimate goal of TDC will be to foster the early development of technology-based industries and the commercialization of their products and processes to the point at which they can attract capital on their own.

#### H. 5675: An Act Amending the Law Relating to Industrial Revenue Financing

The purpose of H. 5675 is to increase the use of industrial revenue bonding by broadening the category of enterprises which can benefit from it and by expanding the kinds of financing mechanisms available in connection with such bonds. The principal provisions of H. 5675 are as follows:

The legislation authorizes the use of industrial revenue bonds for commercial enterprises. Last year, the Supreme Judicial Court ruled that such use would be constitutional and H. 5675 represents the implementation of that ruling. The legislation does, however, restrict the commercial use of industrial revenue bonds to projects which are located in the commercial centers of all cities and of towns with populations in excess of 35,000.

The legislation specifies that back-up power generating facilities shall be included within the meaning of "industrial development facilities" and therefore eligible for revenue bonding.

The legislation clarifies that proceeds of revenue bonding may be used for the financing of the acquisition, equipping and improving or rehabilitation of existing industrial facilities, as well as the construction of new facilities.

The legislation replaces the previous statutory terms "industrial occupant" and

"lease" with the more broadly-defined terms "user" and "financing document," the principal effect of which will be to permit the use of leveraged leases and limited partnerships, as well as various types of loan agreements, in connection with revenue bond financing.

The legislation explicitly permits industrial revenue bond financing of solid waste disposal facilities used to manufacture electricity or steam primarily from solid waste, including additions and modifications to existing public utility boiler facilities for the purpose of burning solid waste or a mixture of solid waste and other fuel.

The legislation repeals the power of municipalities to pledge their full faith and credit in support of debt incurred for industrial development. This power had never been used, but it has served as an obstacle to the establishment of industrial development finance authorities in many cities and towns because municipal officers have feared the power might be exercised one day.

#### H. 6093: An Act to Assist Urban Revitalization Through the Urban Job Incentive Program

H. 6093 will make the Urban Job Incentive credit available to commercial employers. The bill extends that credit to commercial enterprises on the following conditions:

- 1) The enterprise must be located in a city or town's "commercial center revitalization district."
- 2) The commercial center revitalization district must be described in a revitalization plan adopted by the municipality's governing body.
- 3) The locally-adopted plan must be approved by the Secretary of Communities and Development.
- 4) The employer must comply with the employment, training and other requirements of the existing Urban Job Incentive Program.

Commercial employers who satisfy the above conditions will be provided with a credit against their state income tax designed to reduce their local property tax liability to the level of the state-wide average, and a deduction based on the salaries of employees resident in poverty areas. The local community will not forego any tax revenues.

#### S. 1546: An Act to Encourage Financing for Downtown Revitalization Projects

The purpose of S. 1546 is to permit the Massachusetts Industrial Finance Agency (MIFA) to ensure mortgages for the rehabilitation of commercial buildings. In a downtown revitalization effort, the first few buildings are the most difficult to finance conventionally. Because of this fact, the availability of mortgage insurance for the rehabilitation of a few critical buildings in a city or town center can effectively stimulate conventional financing for an entire downtown revitalization plan.

Since premiums will be charged on all insurance commitments, it is expected that the program will be largely self-financing.

H. 5681: An Act Establishing the Community Economic Development Assistance Corporation

The purpose of CEDAC is to provide technical assistance to neighborhood redevelopment organizations in their efforts to effect community revitalization and job creation. This technical assistance will involve a broad range of expertise including organizational development, financial planning, market research, management training, legal advice and grantsmanship offered to a variety of community-based organizations, especially local community development corporations.

The establishment of CEDAC will reinforce the state's efforts to direct financial assistance to economically depressed areas by helping local groups make full use of the resources available through the Community Development Finance Corporation (CDFC), the Massachusetts Industrial Finance Agency (MIFA) and the Capital Resource Company, all of which have been created within the past two years.

No bonding authorization is contained in this legislation and no appropriation of state funds has been requested. We anticipate operating CEDAC entirely with federal funds, and our preliminary contacts with federal agencies in that connection have been quite promising.

## URBAN JOB INCENTIVE PROGRAM

1978 FISCAL EQUALIZED TAX RATE DIFFERENTIAL FOR CORPORATION  
PROPERTY TAX CREDIT FOR NEW FACILITY IN POVERTY AREA  
 (G.L. c. 63, s. 38E. Chapter 848 of the Acts of 1970)

| <u>City or Town</u> | <u>Equalized Tax<br/>Rate Differential</u> | <u>City or Town</u> | <u>Equalized<br/>Rate Differential</u> |
|---------------------|--|---------------------|--|
| Arlington           | \$ 3.71                                    | Melrose             | \$ .27                                 |
| Billerica           | 1.75                                       | Millbury            | 2.87                                   |
| Boston              | 75.56                                      | New Bedford         | 8.16                                   |
| Brockton            | 12.99                                      | Newton              | 9.20                                   |
| Brookline           | 10.73                                      | Pembroke            | 1.05                                   |
| Cambridge           | 22.53                                      | Quincy              | 15.85                                  |
| Chelsea             | 36.94                                      | Randolph            | .78                                    |
| Chicopee            | 13.70                                      | Revere              | 15.35                                  |
| Dracut              | .78  | Rockland            | 5.25                                   |
| Fall River          | 27.46                                      | Salem               | 2.40                                   |
| Fitchburg           | 7.31                                       | Somerville          | 25.83                                  |
| Hanover             | 1.12                                       | Springfield         | 19.49                                  |
| Haverhill           | 3.51                                       | Swampscott          | 4.95                                   |
| Holyoke             | 32.99                                      | Wakefield           | 4.01                                   |
| Hull                | 18.24                                      | Watertown           | 11.43                                  |
| Lawrence            | 9.51                                       | Weymouth            | 2.58                                   |
| Lowell              | 19.04                                      | Whitman             | 4.14                                   |
| Lynn                | 32.11                                      | Woburn              | 5.89                                   |
| Malden              | 16.90                                      | Worcester           | 13.40                                  |
| Medford             | 7.44                                       |                     |  |

Credit = Assessed Valuation X Applicable Equalized Tax Rate Differential

Source: Mass. Department of Corporations  
and Taxation; June 8, 1978.

